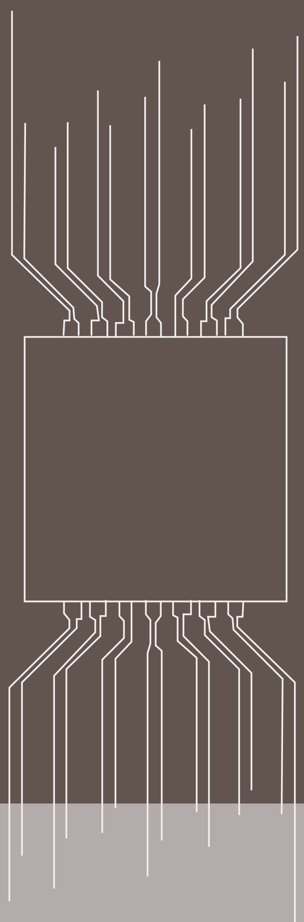
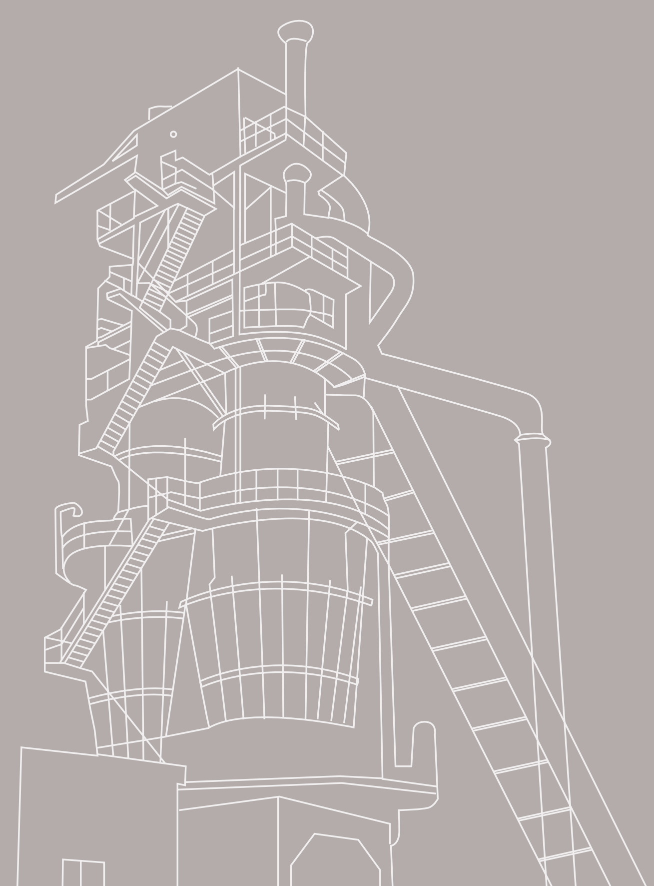


LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

ANNUAL REPORT 2008



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Turnover for the Group increased by 13% from S$93.6 million to S$105.7 million, for the year ended 30 June 2008. This was mainly attributable to higher revenue generated by the limestone processing business and the contribution from our new scrap metal trading business.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 30 June 2008. Our momentum in building new revenue streams and consolidating existing ones continued this year, despite facing the challenges of a slowing global economy.

BUSINESS HIGHLIGHTS

Our new businesses have already made a positive contribution to the Group's performance, in particular, the limestone processing business conducted by our subsidiary, Compact Energy Sdn. Bhd. ("Compact"), which completed its first full financial year of profitable operations.

Already working at full capacity to meet the high demand of the Malaysian steel mill industry, Compact is now in the process of expanding its plant operations. Slated to be completed by the end of June 2009, the expansion will not only significantly increase the production capacity of quicklime, but will also introduce the production of fine lime and fine stone.

Also contributing to the new revenue streams was our scrap metal trading business operated by LAP Trading and Marketing Pte. Ltd. ("LAP Trading"), which commenced business during the financial year.

Advent Electronics Pte Ltd ("Advent") saw its revenue and earnings contracted as it felt the effects of the continued decline in demand for electronics and a weakened US dollar.

However, by tightening its control on operational expenditure, and favouring transactions with low credit risk customers, Advent was still able to turn in a reasonable profit.

FINANCIAL HIGHLIGHTS

Turnover for the Group increased by 13% from S$93.6 million to S$105.7 million, for the year ended 30 June 2008. This was mainly attributable to higher revenue generated by the limestone processing business and the contribution from our new scrap metal trading business.

Limestone processing plant

Limestone buffer storage yard

Quicklime unloaded from quicklime silo into truck

Compact and Advent registered revenues of S$17.9 million and S$53.3 million respectively, whilst LAP Trading generated a revenue of S$33.3 million in its first nine months of operation. All three businesses were profitable. In addition, S$1.3 million in dividend income was earned from the Group's investment in Anhui Jianghuai Automobile Co., Ltd ("Anhui Auto").

The Group's profit after tax for the year was S$4.7 million as compared with S$22.2 million recorded last year. However, last year's profit included the gain on disposal of associated companies amounting to S$10.7 million and the reversal of an allowance for impairment of receivables of S$7.1 million. Taking these out of the equation, the Group's profit last year would have been S$4.4 million. Using this as a more equitable comparison, net profit for the current year is an improvement over the last financial year.

Other operating expenses of the Group fell by 16% to S$4.5 million, due in large part to the fact that a S$1.5 million bad debt written off by Advent was included in last year's expenses. Meanwhile, depreciation increased about 3 times to S$1.6 million due mainly to the first full-year operation of the limestone processing business.

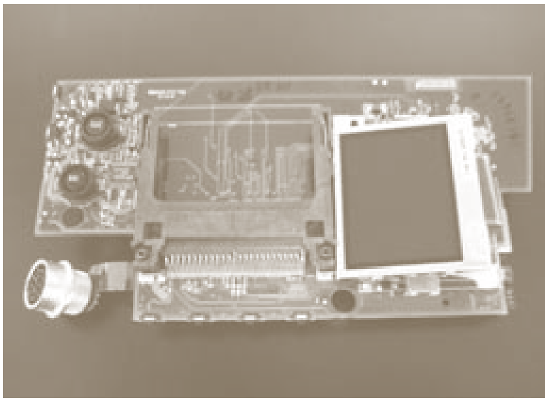
The liquidity position of the Group remained healthy. Working capital was S$87.2 million at year end, higher than the S$71.1 million at previous year end. Cash flow was given a boost with the deposit of consideration of S$3.1 million relating to the disposal of an associated company which was pending approval, S$2.0 million in dividends received from Anhui Auto, and bank loans of S$1.3 million.

This was partially offset by dividends paid to shareholders of the Company which amounted to S$4.1 million, and the partial repayment of bank loans of S$0.5 million.

DIVIDEND

The Board is pleased to propose a first and final dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ended 30 June 2008.

Quicklime fine silo and silo dust collector



THE YEAR AHEAD

Given the current outlook of the steel industry, we expect revenues and earnings for the limestone processing and scrap metal trading businesses to remain consistent.

As it rides out the current recessionary trend in the global electronics industry, we do not expect Advent to contribute substantially to the bottom-line of the Group.

In light of the global slowdown, the Group will be intent on sustaining its overall turnover and profits in the coming financial year.

APPOINTMENT OF DIRECTORS

I am pleased to welcome two new members to the Board, Messrs Loh Kgai Mun and Wong See Meng, who were appointed on 8 August 2008.

Mr Loh Kgai Mun has been appointed as an Executive Director. He has been the Group General Manager of the Company since October 2006, and was instrumental in the setting up and the expansion of the limestone processing business. He has broad experience in finance and various operational functions of manufacturing MNCs and listed companies.

Mr Wong See Meng has been appointed as a Non-Executive Director of the Company. He is a veteran in the banking and finance industry with more than 30 years of experience in banking and leasing operations, business development and strategic planning.

Limestone diverted to double deck washing screen after the tunnel

Feeding of petcoke into vertical mill by disk feeder

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my deepest appreciation to our management and staff for their continued hard work and commitment. My sincere thanks are also extended to our customers, business associates and shareholders for their unwavering support, and to my fellow Directors for their wise counsel. I am confident that together we can weather the challenges as we strive towards sharing future successes!

OTHMAN WOK
Chairman

Lime kiln

Business Structure

- **Lion Asiapac Limited**
  - Electronic Component Distribution
    - • Singapore
    - • Malaysia
    - • India
    - • London
    - • USA
    - • Thailand
    - • Philippines
    - • China
    - Advent Electronics Pte Ltd — 53%
      - Advent Electronics (M) Sdn Bhd — 100%
      - Advent Infotech Pvt Ltd — 80%
  - Limestone Processing
    - • Malaysia
    - LAP Investment Pte Ltd — 100%
      - Compact Energy Sdn Bhd — 100%
  - General Trading
    - LAP Trading & Marketing Pte Ltd — 100%
  - Other Investment
    - Anhui Jianghuai Automobile Co Ltd — 6%

Financial Highlights

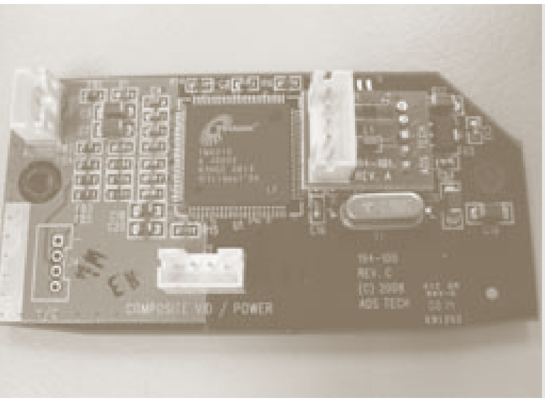
GROUP TURNOVER	30 June 2008 S$'000	30 June 2007 S$'000
Investment holding / others	**1,283**	6,549
Electronic component distribution	**53,268**	82,356
Limestone processing	**17,923**	2,947
Automotive component trading	**–**	1,711
Scrap metal trading	**33,258**	–
Group total	**105,732**	93,563

CONSOLIDATED INCOME STATEMENT	30 June 2008 S$'000	30 June 2007 S$'000
Investment holding / others	**1,182**	6,454
Electronic component distribution	**818**	817
Limestone processing	**2,650**	(368)
Automotive component trading	**(10)**	20
Scrap metal trading	**759**	–
Segment result	**5,399**	6,923
Profit before tax	**5,716**	24,797
Net profit after tax	**4,749**	22,245

CONSOLIDATED BALANCE SHEET	30 June 2008 S$'000	30 June 2007 S$'000
Property, plant and equipment	**16,926**	18,722
Assets held for sale	**21,641**	6,805
Financial assets, available-for-sale	**64,861**	149,980
Deferred income tax assets	**51**	–
Other current assets	**92,706**	92,615
Current liabilities	**(27,183)**	(28,278)
Deferred income tax liabilities	**(4,617)**	(10,762)
Other non-current liabilities	**(86)**	(128)
Net assets	**164,299**	**228,954**
Represented by:		
Share capital	**47,487**	47,487
Other reserves *	**47,508**	112,852
Retained earnings	**64,592**	64,124
Minority interest	**4,712**	4,491
Total equity	**164,299**	**228,954**

** Include fair value reserve, capital reduction reserve, consolidation reserve, general reserve and others.*

	30 June 2008 (cents)	30 June 2007 (cents)
Earnings per share		
- Basic	**1.12**	5.36
- Diluted	**1.12**	5.35
Net tangible assets backing per ordinary share	**39.36**	55.36
First and final dividend per ordinary share (tax-exempt one-tier)	**1.00**	1.00



The Group has maintained a steady course during the financial year under review – a year that has posed both opportunities and challenges, with some shift in balance between the contributions made by our well-established electronics division and our new limestone processing business.

The Group has maintained a steady course during the financial year under review – a year that has posed both opportunities and challenges, with some shift in balance between the contributions made by our well-established electronics division and our new limestone processing business.

LIMESTONE PROCESSING

This year marks the first full year of revenue contribution from the Group's limestone processing plant in Banting, Malaysia, which began operations in April 2007. Operated by the Group's subsidiary, Compact Energy Sdn. Bhd. ("Compact"), it produces and supplies high quality quicklime to the steel mill industry in Malaysia.

For the financial year ended 30 June 2008, the company achieved turnover of S$17.9 million and earnings of S$2.7 million, contributing about half of the Group's total earnings for the current year.

Having ironed out some initial teething troubles, the plant is working efficiently at full capacity. Prospects for growing sales volume remain positive with major construction projects in Malaysia and Singapore underway or in the pipeline.

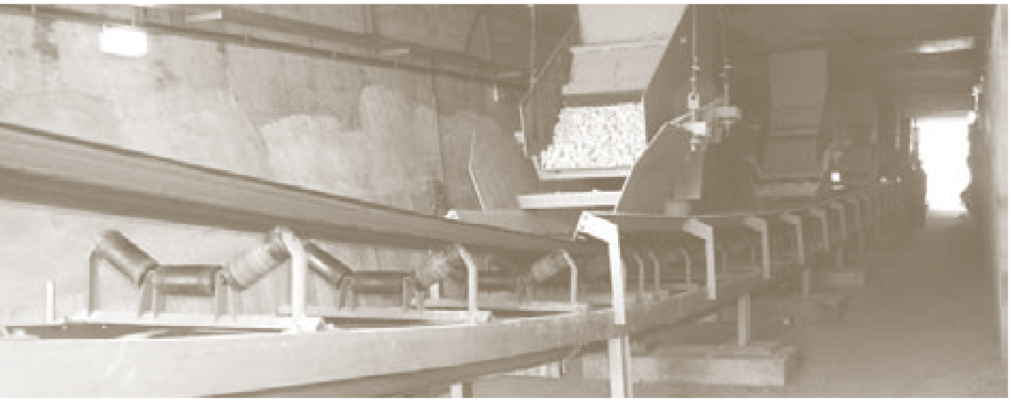
To enable Compact to take full advantage of the vast opportunities available, it has embarked on a Phase 2 expansion of its limestone processing plant, which is expected to be completed by June 2009. Current production capacity is 210,000 tonnes of quicklime per year. The expansion will add a twin-shaft kiln, a quicklime crushing plant and a limestone crushing plant, and will boost annual capacity by an additional 70,000 tonnes of quicklime, 140,000 tonnes of fine lime, and 240,000 tonnes of fine stone.

This increased capacity will open up further opportunities for new business as the company is able to meet the broader needs of its customers. The estimated investment of S$21 million required for the expansion will be funded by internal resources.

In view of this, the limestone processing business is expected to grow further in terms of revenue, and contribute significantly to the Group's profit in the coming years.

ELECTRONICS DIVISION

In the face of a slowdown in the global electronics industry and the weakened US dollar, our electronics division, headed by Advent Electronics



Transporting limestone to washing bay before sieving

Water nozzles spray water over kiln stone remained on upper screen

Pte Ltd ("Advent"), maintained its earnings at S$0.8 million. This was despite a lower profit margin and a sharp 35% drop in turnover from S$82.4 million to S$53.3 million.

The fall in turnover was mainly a result of delays in the commencement of projects for the project management business due to the industry slowdown. Compounding this was Advent's strategic decision to limit its credit risk in the face of the depreciating US currency by forgoing transactions with customers who have poor credit worthiness.

Nevertheless, Advent was able to reduce expenses with tight cost controls, enabling the division to stem the decline in profits.

As expected, revenue from the electronics division reflected the current market situation, and challenges remain for Advent to focus on higher margin products and value-added services.

SCRAP METAL TRADING

In October 2007, the Group began the trading of scrap metal, carried out by LAP Trading and Marketing Pte. Ltd. ("LAP Trading"). It generated S$33.3 million in turnover and S$0.8 million in earnings.

Scrap metal is a recyclable material left over from many types of product consumption such as vehicle and machinery parts, and construction materials. Recycling scrap metal is a multi-billion dollar industry worldwide and involves processing the metal into raw material feedstock for industrial manufacturing.

The process of re-introducing recycled scrap metal into the industrial cycle also has environmental benefits, reducing the need to manufacture 'new' metal, which is highly pollutive.

In the coming year, LAP Trading will strive to maintain revenue and earnings achieved so far.

With our new businesses off to a profitable start and showing good prospects for continued growth, and with Advent using its experience as a niche player to navigate through the current challenging circumstances, the Group looks forward to maintaining its performance in the next financial year.

Board of Directors

OTHMAN WOK
Chairman & Independent Director
Mr Othman Wok holds a Diploma in Journalism from the Polytechnic School of Journalism, London. He is the Chairman of the Board and an Independent Director since March 1996. He is also the Chairman of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee. He is subject to re-election as Director at each annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50.

Mr Othman started his career in journalism with Utusan Melayu Press, Singapore in 1946 and left as Deputy Editor after 17 years.

In 1963, Mr Othman was the Minister for Social Affairs in Singapore for 14 years till 1977, and then as the Singapore Ambassador to Indonesia till 1980. He was the Singapore Honorary Consul at the Consulate of the Principality Monaco from 1996 to 1999.

Mr Othman is currently a permanent member of the Presidential Council for Minority Rights since March 1981.

CHENG YONG KWANG
Executive Director
Mr Cheng Yong Kwang is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom. Mr Cheng is an Executive Director since February 1996. He will step down from his executive position on 31 October 2008 and will remain on the Board as a Non-Executive Director thereafter. He was last re-elected as a Director in October 2006.

Mr Cheng has more than 20 years of experience in finance and treasury operations, both in manufacturing and property development sectors. He joined The Lion Group in 1981 and was initially seconded to the Group's head office in Malaysia. He was later transferred to Singapore to assume the responsibility of overseeing the finance and treasury division of The Lion Group's operations in Singapore. In 1996, Mr Cheng was appointed as an Executive Director of the Company to oversee its day-to-day operations.

Mr Cheng is a director of Lion Diversified Holdings Berhad which is listed on Bursa Malaysia, and a member of the Board of Commissioners of PT Lion Metal Works, listed on the Jakarta Stock Exchange. He also sits on the Board of Anhui Jianghuai Automobile Co., Ltd, which is listed on the Shanghai Stock Exchange.

LOH KGAI MUN
Executive Director
Mr Loh Kgai Mun holds a Masters Degree in Business Administration from the Edinburgh University Management School and is an Associate Member of the Institute of Chartered Accountants in England and Wales. Mr Loh was appointed as an Executive Director of the Company in August 2008. Pursuant to Article 97 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 24 October 2008.

Mr Loh has broad experience in finance and various operational & management functions of multi-national manufacturing organisations as well as listed companies. He has been the Group General Manager of the Company since October 2006, overseeing operational, financial and management matters of the Group. Additionally, he is also involved in strategic planning. He oversees the set up and expansion of the Group's limestone processing division in Banting, Malaysia.

Mr Loh joined The Lion Group in 1998 as the Financial Controller of LTC Telecommunications Pte Ltd and was responsible for Lion Teck Chiang Limited's ("LTC") telecommunication investment in China. Concurrently, he also headed the Group Internal Audit department and Group MIS department for both the Company and LTC.

From 1995, Mr Loh was the Asia Pacific Operation Analysis Manager at Fisher Rosemount (Singapore) Pte Ltd. Prior to that, he was articled with Sherwood & Partners Chartered Accountants (London) before joining Coopers & Lybrand (Shanghai) as an auditor.

CHENG THENG HOW
Non-Executive Director
Mr Cheng Theng How holds a Diploma in Mechanical Engineering from Singapore Polytechnic. Mr Cheng is a Non-Executive Director since February 1997, and a member of the Audit Committee and Remuneration Committee. Pursuant to Article 91 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 24 October 2008.

Mr Cheng is currently the General Manager and Director of Angkasa Hong Leong Pte Ltd, which distributes steel and iron products and is a subsidiary of SGX-listed Lion Teck Chiang Limited, since 1994.

Concurrently, Mr Cheng is also the Executive Director of Antara Steel Mills Sdn Bhd ("Antara"), a subsidiary of Lion Industries Corporation Bhd which is listed on Bursa Malaysia, since July 2006. Antara manufactures steel products such as steel reinforcement bars and angle bars, for supply to the local construction industry and export markets.

Prior to 1994, Mr Cheng has served as the Assistant General Manager (Production) of Amalgamated Steel Mills Bhd.

SAM CHONG KEEN
Independent Director

Mr Sam Chong Keen holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, and a Diploma from the Institute of Marketing, United Kingdom. Mr Sam is an Independent Director of the Company, and is a member of the Nominating Committee. He was last re-elected as a Director in October 2007.

From February 1997 to May 2002, Mr Sam was the Company's Managing Director, as well as Chief Executive Officer and Executive Vice-Chairman of Lion Teck Chiang Limited concurrently.

Mr Sam is currently the Group President and Executive Director of Jade Technologies Holdings Ltd, which is in the coal mining business. From February 2006 to February 2008, he was the Chief Executive Officer of Xpress Holdings Ltd which provides mainly printing services to the financial sector in the Asia-Pacific region.

Mr Sam has also served as managing directors for other public listed companies in Singapore, namely Comfort Group Ltd (from 1994 to 1997) and VICOM Ltd (from 1995 to 1997), in which he was responsible for their overall management and performance. He joined Intraco Ltd in 1987 and left as its General Manager in 1994. From 1998 to 1991, Mr Sam was also appointed by the government as the Political Secretary to the Minister for Education.

Mr Sam currently sits on the boards of Jade Technologies Holdings Ltd and Xpress Holdings Ltd, and is also an independent director of Stamford Tyres Corporation Ltd.

WONG SEE MENG
Independent Director

Mr Wong See Meng holds a Bachelor's Degree (Honours) in Business Administration from the National University of Singapore, and is an Associate of the Chartered Institute of Management Accountants (CIMA). He was appointed as a Non-Executive and Independent Director of the Company in August 2008. Pursuant to Article 97 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 24 October 2008.

Mr Wong is a veteran in the banking and finance industry, with over 30 years of experience in banking and leasing operations, specialising in commercial banking. From 1973 to 1987, Mr Wong served in a few leasing and finance companies, namely Orient Leasing Singapore Ltd (now known as ORIX Leasing Singapore Ltd), GATX Leasing (Pacific) Ltd and Forward Overseas Credit Ltd (a joint-venture between OCBC Bank and UK Midland Bank), generally overseeing the leasing and hire purchase operations of these companies, as well as various business development efforts.

In 1987, Mr Wong joined DBS Group to help reorganise its newly acquired subsidiary, Great Pacific Finance Ltd. In 1992, he assumed an additional role as the General Manager for DBS Finance Ltd. Thereafter, he held several leadership positions for the bank's operations in China, Hong Kong and Japan consecutively. In 1997, Mr Wong was appointed as the Managing Director and General Manager for DBS Bank's branches in Tokyo and Taipei concurrently.

After leaving DBS Group in 2001, Mr Wong held managerial positions first in Raffles Medical Group (Hong Kong) and later at Sino Land Group (Hong Kong), spearheading the strategic planning and business development of these companies in the South China region.

In 2003, Mr Wong returned to Singapore and re-joined the finance industry, taking over as the Managing Director of ORIX Leasing Singapore Ltd ("ORIX"). He was responsible for revamping ORIX Singapore's core businesses and charting new directions for the company, before leaving ORIX in 2007.

YING YOKE KWAI
Independent Director

Mr Ying Yoke Kwai holds a school certificate from the University of Cambridge and a certificate in Advanced Management from the Singapore Institute of Management. Mr Ying is an Independent Director since March 1996, and is a member of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee. He is subject to re-election as Director at each annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50.

Mr Ying joined Lever Brothers (Singapore) Sdn. Bhd. ("Lever Brothers"), a multi-national company in Singapore, in 1952 as Marketing Assistant. After various rounds of promotion, he became the General Manager for a new factory in 1970 and subsequently served as Director of Administration from 1976 till his retirement in 1981. During his 29 years tenure at Lever Brothers, Mr Ying was involved in and responsible for sales, marketing, advertising, accounting, manufacturing and human resources. Thereafter, he was engaged as a Consultant to the Detergent Division of British Petroleum Plc till 1986.

Mr Ying has also played an active role in social work on a voluntary capacity, especially in the Singapore Chemical Industries Council of which he was responsible for its formation in 1978 and became its first Chairman for 4 years. Thereafter he was its Honorary Chairman for 10 years till 1992.

Key Management

NAM YET LAM
Acting Chief Executive Officer, Electronics Division

Mr Nam Yet Lam was appointed as the Acting Chief Executive Officer of Advent Electronics Pte Ltd ("Advent") in July 2008. He joined Advent in July 2000 as Manager of Operations, and was subsequently promoted to Director of Operations in January 2006. Mr Nam holds a Bachelor of Science (Economics) degree from the University of London and a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

Mr Nam started his working career with Hitachi Zosen Robin Shipyard as a Safety Officer from 1980 to 1984. He has been a Registered Safety Officer with Ministry of Manpower since 1984. He then joined General Electric (USA) Appliance Components ("GE") in 1984 as a Safety, Training and Recreation Officer and subsequently as a Personnel and Admin Manager.

In 1996, Mr Nam left GE to join BBS Electronics Pte Ltd ("BBS") as a Human Resource and Admin Manager. He expanded his role in BBS as a Customer Service Manager to lead a team of customer service representatives. During his tenure in BBS, he helped to formulate company-wide incentive plan and implement Enterprise Resource Planning software.

WONG MIN SEONG
Assistant General Manager, Limestone Processing Division

Mr Wong Min Seong is the Assistant General Manager of Compact Energy Sdn Bhd since May 2007, and is overall in charge of the operations of the Group's limestone processing plant in Malaysia. Mr Wong holds a Class 2 Engineer Certificate of Competency Examination (equivalent to a Bachelor Degree) from Jabatan Laut Malaysia and a Diploma in Marine Mechanical Engineering from Polytechnic Ungku Omar, Ipoh.

Mr Wong started his career as a Marine Engineer at Pacific Carrier Ltd, Singapore in 1987, and left in 1990 to join Vestech Engineering Sdn Bhd as Production Engineer. In 1993, he was an Assistant Production Manager at Natsteel Chemicals (M) Sdn Bhd ("Natsteel"), and after a few rounds of promotion, he became its Plant Manager to oversee the production and maintenance of all plant machineries. After 11 years of service at Natsteel, he left in 2004 to become the Assistant General Manager of Megasteel Sdn Bhd and was overall in charge of its limekiln project.

TAN KIM KEE
Senior Manager, Automotive Investments

Mr Tan Kim Kee is a Senior Manager of the Company since June 2001 and he oversees the Group's automotive investments in China. He sits on the Supervisory Board of Anhui Jianghuai Automobile Co., Ltd which is listed on the Shanghai Stock Exchange. Mr Tan holds a Master degree in Business Management from the Heriot Watt University and is an accountant by profession.

Mr Tan has been an Accountant for Tan Chong Motor Holdings Bhd, an assembler and distributor of Nissan motor vehicles in Malaysia, for 13 years before he joined The Lion Group in Malaysia in 1987. He has served as Executive Directors in various companies within The Lion Group whose business operations include retailing, stock broking, investment holding and information technology.

TAN BOON HENG
Group Accountant

Mr Tan Boon Heng joined the Company in March 2006 as Group Assistant Accountant, and assumed the position of Group Accountant in November 2006. He is responsible for financial accounting and reporting, treasury control and taxation of the Group. Mr Tan is a graduate from the Association of Chartered Certified Accountants, and a Certified Public Accountant registered with the Institute of Certified Public Accountants of Singapore. He has more than 7 years' experience in financial audit, accounting and corporate taxation. He started his career with Steven Tan PAC in 1998 as an Audit Assistant, and left in 2005 as Audit Supervisor.

TAN YEN HUI
Company Secretary

Ms Tan Yen Hui joined the Company in August 2000 as Company Secretary, and is primarily responsible for assisting the Group in its compliance with the company laws, SGX-ST listing rules and other applicable regulations. Ms Tan holds a Bachelor of Science (Economics) degree from the University of London, and is an associate member of the Singapore Association of the Institute of Chartered Secretaries and Administrators. From 1997 to 2000, she was the Assistant Company Secretary/ Administrator of another then listed company, Network Foods International Ltd. Prior to that, she has worked in several management consultancy firms. During her working career, Ms Tan has been involved in corporate secretarial, trademark management, investor relations, human resources, taxation, accounting and finance.

Corporate Governance Report

Lion Asiapac Limited (the "Company") believes in maintaining a high standard of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders.

This report describes the Company's corporate governance processes and activities which are in line with the Code of Corporate Governance 2005 (the "Code").

BOARD MATTERS

The Board's Conduct of its Affairs

The Board is responsible for the overall strategy and direction of the Group. It provides entrepreneurial leadership, sets strategic aims, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It also ensures that the Company's strategies are in the interests of the Company and its shareholders.

The Board supervises executive management and reviews management performance, as well as establishes a framework of prudent and effective controls which enables risk to be assessed and managed. It sets the Company's values and standards, and ensures that obligations to shareholders and others are understood and met.

During the financial year, the Board met 5 times. The Board reviews and approves appropriate strategic plans, key operational and financial matters, major acquisition and divestment plans, major expenditure projects and funding decisions.

Board Composition and Balance

With effect from 8 August 2008, the Board comprises 7 Directors, 4 of whom are independent, and 2 of whom hold executive position. The Directors have core competencies in accounting and finance, business and management experience, industry knowledge, and strategic planning experience.

The members of the Board are as follows:-

Executive	**Non-Executive**	
Cheng Yong Kwang *	Othman Wok	(Chairman, Independent Director)
Loh Kgai Mun **	Ying Yoke Kwai	(Independent Director)
	Sam Chong Keen	(Independent Director)
	Cheng Theng How	
	Wong See Meng **	(Independent Director)

** Mr Cheng Yong Kwang will step down from his executive position on 31 October 2008 and will remain on the Board as a Non-Executive Director thereafter. He will not be considered an Independent Director.*

*** Appointed on 8 August 2008, after the financial year ended 30 June 2008.*

The Executive Director oversees the day-to-day operations of the Group. The Non-Executive Directors constructively challenge and help develop proposals on strategy, as well as help review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

BOARD MATTERS (CONT'D)

Chairman of the Board

The Chairman of the Board is an Independent Director. He leads the Board to ensure its effectiveness on all aspects of its role and sets its agenda, and encourages constructive relations between the Board and executive management. He facilitates the effective contribution of non-executive directors, and encourages constructive relations between executive director and non-executive directors.

The Chairman ensures that Board meetings are held when necessary, manages the Board proceedings, and ensures that the Board members are provided with complete, timely and adequate information. He assists in ensuring compliance with the Company's guidelines on corporate governance, in order to promote high standards of corporate governance of the Company.

Directors' Attendance

To facilitate effective management, the Board delegates certain functions to the various Board Committees ie. Audit, Nominating, Remuneration and Executives' Share Option Scheme Committees.

The number of meetings of the Company attended by the Directors during the financial year ended 30 June 2008 is set out as follows:-

	Board	Audit	Nominating	Remuneration
Number of meetings held:	**5**	**5**	**1**	**1**
Number of meetings attended:				
Othman Wok	5	5	1	1
Cheng Yong Kwang	5	n.a.	n.a.	n.a.
Ying Yoke Kwai	5	5	1	1
Cheng Theng How	5	5	n.a.	1
Sam Chong Keen	4	n.a.	1	n.a.

Nominating Committee

The Nominating Committee ("NC") comprises 3 Directors, all of whom including the Chairman are independent. The NC met once during the financial year.

Othman Wok (Chairman, Independent Director)
Ying Yoke Kwai (Independent Director)
Sam Chong Keen (Independent Director)

The NC is charged with the responsibilities of evaluating the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, and to propose objective performance criteria.

The NC is also responsible for making recommendations to the Board on appointment of directors, and to re-nominate directors, taking into account the individual director's contribution and performance.

BOARD MATTERS (CONT'D)

Nominating Committee (cont'd)

The financial indicators set out in the Code as guides for the evaluation of directors are, in the Company's opinion, more of a measure of management's performance and hence are less applicable to directors. In any case, such financial indicators provide a snapshot of a company's performance, and do not fully measure the sustainable long term wealth and value creation of the company. Rather, a director is generally assessed by his/her experience in being a company director, competence and knowledge, level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and any special contributions.

The NC will use its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge relevant to the industry, as well as business, finance and management skills critical to the Company's businesses. In the event that a director has multiple board representations, the NC will determine whether or not a director is able to and has been adequately carrying out his/her duties as director of the Company. Also, the NC determines annually whether or not a director is independent, taking into account the relationship a director may have with the Company and its related companies. Such measures shall enable the Board to have an independent and objective perspective so as to allow balanced and well-considered decisions to be made.

In August 2008, the NC recommended the appointment of Mr Loh Kgai Mun as an Executive Director and Mr Wong See Meng as a Non-Executive Director, after reviewing their qualifications and working experience. The NC's recommendation had been accepted and approved by the Board. The Company has issued formal letters to the said Directors, setting out the Directors' duties and obligations, and has also made arrangements for them to attend training courses to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

The NC is of the view that Messrs Othman Wok, Ying Yoke Kwai, Sam Chong Keen and Wong See Meng are Independent Directors. Despite some of the Directors having multiple board representations, the NC is of the view that these Directors are able to and have adequately carried out their duties as Directors of the Company.

Pursuant to Article 91 of the Articles of Association of the Company, every Director shall retire from office at least once every three years, and at each annual general meeting ("AGM") of the Company, one-third of the Directors shall retire from office by rotation and the retiring Directors shall be eligible for re-election. In addition, Directors who are appointed during the year shall hold office only until the next AGM pursuant to Article 97 and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Accordingly, Mr Cheng Theng How shall retire by rotation at the forthcoming 38th AGM pursuant to Article 91 and shall be eligible for re-election. Pursuant to Article 97, Messrs Loh Kgai Mun and Wong See Meng shall hold office until the forthcoming 38th AGM and shall be eligible for re-election. Two Directors, Messrs Othman Wok and Ying Yoke Kwai, are subject to Section 153(6) of the Companies Act to hold office until the conclusion of each AGM and they shall be eligible for re-appointment, but shall not be subject to the provisions of the Articles relating to the rotation and retirement of Directors.

Executives' Share Option Scheme Committee

The Executives' Share Option Scheme ("ESOS") Committee comprises 2 Directors, all of whom are independent.

Othman Wok	(Independent Director)
Ying Yoke Kwai	(Independent Director)

The ESOS Committee is responsible for the administration of the ESOS of the Company and the committee members do not participate in the ESOS.

BOARD MATTERS (CONT'D)

Access to Information

The Directors are provided with complete and adequate information in a timely manner by the management. To facilitate an informed decision making, explanatory notes or reports on major operational, financial and corporate issues, together with copies of disclosure documents and/or financial statements are circulated to the Directors at a reasonable time period prior to Board meetings for their perusal. If necessary, arrangement will be made for the Directors to obtain independent professional advice at the Company's expense.

All Directors have independent access to the senior management of the Company and also the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for assisting the Group in its compliance with the requirements of the Companies Act, rules of the SGX-ST Listing Manual and other applicable regulations. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive directors, and where necessary, shall facilitate orientation and assist in professional development. The appointment and removal of the Company Secretary are subject to Board approval.

REMUNERATION MATTERS

Remuneration Committee

The Remuneration Committee ("RC") comprises 3 Directors, all of whom are non-executive, and 2 of whom including the Chairman are independent. The RC met once during the financial year.

Othman Wok	(Chairman, Independent Director)
Ying Yoke Kwai	(Independent Director)
Cheng Theng How	(Non-Executive Director)

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key executives.

The RC ensures that the level of remuneration is appropriate to attract, retain and motivate the directors needed to run the Company successfully, taking into account the Company's relative performance and the performance of individual directors. It covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, share options, and benefits-in-kind.

The non-executive Directors are remunerated with fees which are set in accordance with a remuneration framework comprising basic fees, committee fees and attendance fees. All directors' fees are subject to the approval of shareholders at each AGM.

The RC determines specific remuneration package for the Executive Director based on the performance of the Group and the individual, and in accordance with a remuneration framework comprising basic salary, bonus, benefits-in-kind and share options.

The RC has access to external consultants for expert advice on Board remuneration and executive compensation, where necessary.

REMUNERATION MATTERS (CONT'D)

Remuneration Report

Details of remuneration paid to the Directors of the Company for the year ended 30 June 2008 are as follows:-

Remuneration Band	Name of Director	Salary	Bonus	Benefits-in-kind	Directors' Fees	Total
S$250,000 to below S$500,000	Cheng Yong Kwang	70%	26%	4%	–	100%
Below S$250,000	Othman Wok	–	–	–	100%	100%
	Ying Yoke Kwai	–	–	–	100%	100%
	Sam Chong Keen	–	–	–	100%	100%
	Cheng Theng How	–	–	–	100%	100%

For competitive reasons, details of remuneration paid to the top 5 key executives of the Group for the year ended 30 June 2008 are not disclosed.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee ("AC") comprises 3 Directors, all of whom are non-executive, and 2 of whom including the Chairman are independent.

Othman Wok (Chairman, Independent Director)
Ying Yoke Kwai (Independent Director)
Cheng Theng How (Non-Executive Director)

The AC carries out the functions set out in the Code and the Companies Act. It assists the Board to raise and maintain the standard of corporate governance, and fosters the transparency of corporate governance practices by ensuring that the Company's corporate governance processes and activities comply with the Code.

During the financial year, the AC met 2 times with the presence of internal and external auditors and appropriate members of the management, and another 3 times with the presence of internal auditors and management. The AC also met once with the external and internal auditors, without the presence of management. It reviews the consolidated financial statements of the Group and the report of the external auditors thereon for submission to the Board. It also reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, as well as formal announcements relating to the Group's financial performance.

The AC reviews the audit plan with the external auditors, and the scope and results of the internal audit procedures with the internal auditors. It reviews interested person transactions and conducts periodic reviews of the review procedures for interested person transactions to ensure that such transactions are transacted on normal commercial terms and will be not be prejudicial to the interests of the Company and its minority shareholders.

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. It reviews with the internal auditors their evaluation of internal controls. It also reviews with the external auditors on any internal control findings noted in the course of their statutory audit.

Policies and procedures are in place for any staff of the Group who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policies and procedures have been reviewed by the AC.

ACCOUNTABILITY AND AUDIT (CONT'D)

Audit Committee (cont'd)

The AC is responsible for nominating external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors for recommendation to the Board. It reviews the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. The nature and extent of non-audit services performed by external auditors are also reviewed by the AC. There were no non-audit services provided by the external auditors during the financial year.

Internal Controls and Internal Audit

The Board is responsible for ensuring that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

An internal audit team is in place to review, at least once annually, the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management.

The internal audit team's line of functional reporting is to the Chairman of the AC. Administratively, the internal audit team reports to the Executive Director. The internal audit team is independent of the activities it audits, and it abstains from audit of certain activities where conflict of interests might arise.

The AC has ensured that the internal audit team meets the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has ensured that the internal audit function is adequately resourced to carry out its duties effectively and has appropriate standing within the Company.

The AC reviews, on an annual basis, the adequacy and effectiveness of the internal audit function.

The Board believes that, based on information provided and after due enquiry, the system of internal controls that has been maintained by the Group's management during the financial year is adequate to meet the needs of the Group in its current business environment.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to provide timely and fair disclosure of material information in accordance with regulatory and legal requirements.

The Chairman ensures that the Company engages in regular, effective and fair communication with shareholders of the Company. To maintain transparency, the Board does not practise selective disclosure. The shareholders are informed of all material developments that impact the Group in a timely manner via SGXNET and postings on the Company's internet website.

The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages participative dialogue. The members of the Board and chairman of the Board Committees will attend the AGM and are available to answer questions from shareholders present. External auditors will also be present at the AGM to address shareholders' queries about the audit and the preparation and content of the auditors' report.

SECURITIES TRANSACTIONS

The Company has issued a Compliance Code on Securities Transactions ("Compliance Code") to all Directors and officers of the Group setting out the implication of insider trading and the guildelines on dealing in the Company's shares.

During the financial year, the Compliance Code was revised to prohibit all Directors and officers of the Company who have access to price sensitive information from dealing in the shares of the Company during the periods commencing 1 January to the date of announcement of the Company's second quarter results ending 31 December, 1 April to the date of announcement of third-quarter results ending 31 March, 1 July to the date of announcement of full-year results ending 30 June, and 1 October to the date of announcement of first-quarter results ending 30 September.

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

At the 37th annual general meeting of the Company ("AGM") held on 24 October 2007, shareholders of the Company ("Shareholders") approved the renewal of the general mandate for Interested Person Transactions ("IPT Mandate") that will enable the Company, its subsidiaries and associated companies, or any of them, that are entities at risk, to enter into certain transactions ("IPT") with the classes of interested persons as set out in the IPT Mandate ("Interested Persons").

Pursuant to Chapter 9 of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), a general mandate for transactions with Interested Persons is subject to annual renewal. The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the forthcoming 38th AGM.

Accordingly, the directors of the Company ("Directors") are proposing that the approval of the Shareholders for the renewal of the IPT Mandate be sought at the 38th AGM of the Company to be held at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on 24 October 2008 at 11.00 a.m.

SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this IPT Mandate.

General information with respect to listing rules of the SGX-ST relating to interested person transactions, including the definitions of "approved exchange", "associate", "associated company" and "interested person", used in Chapter 9 of the Listing Manual, is also set out in pages 27 to 28 of this Annual Report.

2. Rationale for the Proposed Renewal of the IPT Mandate

It is envisaged that the Company, its subsidiaries and associated companies (other than (a) subsidiaries or associated companies which are themselves listed on the SGX-ST or an approved exchange, or (b) associated companies over which the Company and its subsidiaries and/or its interested person(s) have no control) which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "LAP Group"), or any of them, will, in the ordinary course of their businesses, enter into transactions with Interested Persons for mutual benefit. Such transactions are likely to occur with some degree of frequency, and could arise at any time. Such transactions would include the provision of goods and services in the ordinary course of business of the LAP Group to Interested Persons or the obtaining of goods and services from such Interested Persons.

Given that the IPTs are expected to be recurrent transactions and may occur at any time, and to allow the LAP Group to undertake such transactions in a more expeditious manner, the Directors are seeking Shareholders' approval for the renewal of the IPT Mandate for the purposes of Chapter 9 of the Listing Manual and for the LAP Group to enter into the categories of IPTs with certain classes of Interested Persons as set out in paragraphs 5 and 4 below respectively.

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

3. Benefits of the IPT Mandate

The IPT Mandate is intended to facilitate specified categories of IPTs in the normal course of business of the LAP Group which are transacted, from time to time, with the specified classes of Interested Persons, provided that they are carried out on an arm's length basis and on the LAP Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will enhance the ability of companies in the LAP Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when the need to enter into a specified category of IPTs with an Interested Person arises. This will reduce the expenses associated with convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow manpower resources and time to be channelled towards attaining other corporate objectives available to the LAP Group.

4. Classes of Interested Persons

The IPT Mandate will apply to the IPTs (as described in paragraph 5 below) with the following classes of Interested Persons, namely:

(A) Lion Corporation Berhad ("LCB"), its subsidiaries and associated companies;

(B) Lion Industries Corporation Berhad ("LICB"), its subsidiaries and associated companies;

(C) Lion Diversified Holdings Berhad ("LDHB"), its subsidiaries and associated companies; and

(D) Amsteel Corporation Berhad ("ACB"), its subsidiaries and associated companies.

Save for LICB which has substantial indirect interests in both LCB and ACB pursuant to the Malaysian Companies Act, the relationships between the classes of Interested Persons and the Company are disclosed in page 91 of this Annual Report.

Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

5. Categories of IPTs

The transactions entered into by the LAP Group with the Interested Persons which will be covered by the IPT Mandate are as follows:

5.1 Sale of Quicklime

The LAP Group will supply quicklime to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

5.2 Sale of Scrap Metal

The LAP Group will supply scrap metal to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

5. Categories of IPTs (cont'd)

5.3 Trading of Automotive Components

The Group will supply CKD (acronym for Completely Knocked Down which refers to automotive kits used for assembly) to the Interested Persons which will be assembled by the Interested Persons into CBU (acronym for Completely Built Up which refers to the assembled automotive from CKD that is ready for sale to the end customer) for distribution. Payment by the Interested Persons can be made via the following two options:

(A) Cash on Delivery; or

(B) Deferred Payment ("Scheme")

The Scheme involves the Interested Persons transferring the title of a CBU to the Group as consideration ("Original Consideration") for the CKD prior to delivery of the latter. The transfer in title, which serves as security to the LAP Group, is formalized via a sales invoice issued by the Interested Persons to the LAP Group. Upon the maturity of the credit term or any other time earlier, the LAP Group will transfer the title of the original CBU back to the Interested Persons, via a sales invoice, upon receipt of monies of an amount equivalent to the Original Consideration, from the Interested Persons;

The basis of determining the contract and/or transaction terms are defined herein below.

5.4 Provision and/or Obtaining of Services arising from Business Operations

The LAP Group will in the ordinary course of business provide or obtain, inter alia, management, consultancy, leasing or warehousing, internal audit and information technology services relating to its business operations. The basis of determining the contract and/or transaction terms are defined herein below.

The IPT Mandate will not cover any transaction by a company in the LAP Group with an Interested Person that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 would not apply to such transactions.

6. Review Procedures for IPTs

6.1 In general, the LAP Group has internal control procedures to ensure that the IPTs are undertaken at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

(A) Sale of Quicklime

The review procedures are as follows:

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;

(ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold or the services to be provided and the then prevailing business conditions, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration;

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(A) Sale of Quicklime (cont'd)

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$500,000 but less than S$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$1,000,000 in value to be reviewed and approved by the Audit Committee;

(B) Sale of Scrap Metal

The review procedures are as follows:

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined from available public sources, such as the *Metal Bulletin* or any such other sources approved by the Audit Committee, and on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms;

(ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration;

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$2,500,000 but less than S$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$5,000,000 in value to be reviewed and approved by the Audit Committee;

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(C) Trading of Automotive Components

The review procedures are as follows:

(i) Due to the fact that CKD units are usually assembled internally and the pricings for CKD units are highly dependent on the brands, comparable market prices for the units may not be readily available. Owing to this, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration;

(ii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$2,500,000 but less than S$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$5,000,000 in value to be reviewed and approved by the Audit Committee;

(D) Provision and/or Obtaining of Services arising from Business Operations

The review procedures are as follows:

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;

(ii) Where the prevailing market prices or rates are not available due to the nature of the service to be provided, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost or through a formula, to ensure that the pricing for such services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the price or rate payable by the Interested Person for such services, factors such as but not limited to, service requirements, duration of contract, and credit worthiness, will be taken into consideration;

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(D) Provision and/or Obtaining of Services arising from Business Operations (cont'd)

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$500,000 but less than S$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$1,000,000 in value to be reviewed and approved by the Audit Committee;

The thresholds as set out above are determined by factors which include, *inter alia*, frequency of the contracts/transactions, the market prices of the products/services and the anticipated contract/transaction volume.

6.2 Notwithstanding the aforementioned limit for approval in paragraph 6.1 above, prior approval will have to be sought for any contracts and transactions, in accordance with the following threshold:

Where the aggregate value for all the IPTs, which are not required under the review procedures to be approved by either the Group Internal Audit Manager and any one of the non-executive Directors, or the Audit Committee, for any particular year,

(A) amounts to or exceeds S$10,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$2,500,000 in value, shall require the approval of the Audit Committee; or

(B) amounts to or exceeds S$15,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$1,500,000, shall require the approval of the Audit Committee; or

(C) amounts to or exceeds S$20,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$500,000 in value, shall require the approval of the Audit Committee.

6.3 Additional Controls

(A) The Company will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) and those transactions that are below S$100,000.

(B) The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate.

(C) The Audit Committee shall review and approve the maximum value (pre-approved cap) of IPTs for each category of IPTs for the forthcoming 12 months or whichever period that is shorter, as determined by the Audit Committee. Ratification shall be sought from the Audit Committee, should the pre-approved cap be breached, notwithstanding that the contracts or transactions are within the thresholds set out in paragraphs 6.1(A)(iii), 6.1(B)(iii), 6.1(C)(ii) and 6.1(D)(iii) above.

6. Review Procedures for IPTs (cont'd)

6.3 Additional Controls (cont'd)

(D) The Group Internal Audit Manager shall, on at least a half-yearly basis, subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with Interested Persons during the preceding period. The Audit Committee shall review such IPTs at its periodic meetings except where IPTs are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

(E) The Audit Committee will conduct periodic reviews (of not less than half-yearly) of the review procedures for IPTs. If, during these periodic reviews, the Audit Committee is of the view that these review procedures are not sufficient to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for IPTs. All IPTs will be reviewed and approved by the Audit Committee prior to entry while a fresh IPT Mandate is being sought from the Shareholders.

(F) For the purposes of the above review and approval process, any Director who is not considered independent for the purposes of the IPT Mandate and/or any IPTs will abstain from voting on any resolution relating thereof, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPT.

6.4 Further Compliance

The Directors will ensure that all relevant disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

7. Expiry and Renewal of the IPT Mandate

If approved by Shareholders at the forthcoming 38th AGM, the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue to be in force until the next AGM of the Company and will apply to IPTs entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the IPTs.

If the Audit Committee is of the view that the review procedures under the IPT Mandate are not sufficient to ensure that the IPTs are transacted on normal commercial terms and will be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for IPTs.

8. Disclosure

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the IPT Mandate and the aggregate value of the IPTs conducted pursuant to the IPT Mandate in the annual report of the Company for the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT Mandate for the financial periods on which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

9. Directors' and Substantial Shareholders' Interests

The interests of the Directors and substantial shareholders of the Company (the "Substantial Shareholders") in the shares of the Company as at 30 June 2008 and 15 September 2008 respectively, can be found in pages 31 and 91 of this Annual Report respectively.

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

10. Abstentions

Mr Cheng Yong Kwang, an Executive Director of the Company, is also a director of LDHB and Omali Corporation Sdn. Bhd. ("Omali"). LDHB has a deemed interest in LCB, which is the ultimate holding company of Omali, which in turn holds a direct interest of 29.98% in the issued share capital of the Company. By virtue of Mr Cheng's directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Mr Cheng Theng How, a Non-Executive Director of the Company, is also a director of Antara Steel Mills Sdn. Bhd. and Amsteel Mills Sdn. Bhd., both of which are subsidiaries of LICB. LICB is deemed to be a substantial shareholder of both LCB and ACB pursuant to the Malaysian Companies Act. By virtue of Mr Cheng's directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

The Substantial Shareholders as set out in page 91 of this Annual Report, who are Interested Persons in relation to the IPT Mandate, will abstain, and will ensure that their associates abstain, from voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Further, Mr Cheng Yong Kwang, Mr Cheng Theng How and the Substantial Shareholders will decline to accept appointment as proxy to vote and attend at the forthcoming 38th AGM in respect of the ordinary resolution approving the renewal of the IPT Mandate unless the Shareholder appointing them as his proxy shall have given specific instructions as to the manner in which his votes are to be cast.

Save as disclosed above, the Directors and the Substantial Shareholders of the Company do not have any interest, whether directly or indirectly, in the IPT Mandate.

11. Independent Directors' Recommendation

The Independent Directors having considered, *inter alia*, the terms, the rationale and the benefits of the proposed renewal of the IPT Mandate, are of the view that the said renewal is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution thereof at the forthcoming 38th AGM.

12. Statement of the Audit Committee

The Audit Committee confirms that:

(A) The methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the Shareholders' approval of the renewal of the IPT Mandate at the 37th AGM held on 24 October 2007;

(B) The methods and procedures referred to in paragraph 12(A) above continue to be sufficient to ensure that the said IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and

(C) The Company will obtain a fresh mandate from the Shareholders if the methods or procedures referred to in paragraph 12(A) above are no longer sufficient to ensure that the said IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

13. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated herein are fair and accurate and that there are no material facts the omission of which would make any statement in this Annual Report misleading.

OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies (other than a subsidiary or an associated company that is itself listed on the SGX-ST or an approved exchange, or an associated company over which the listed group and/or its interested person(s) has no control) proposes to enter into with a counterparty who is an interested person of the listed company.

2. Terms used in Chapter 9 of the Listing Manual

"approved exchange"

An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.

"associate"

In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), an "associate" is defined to be an immediate family member (that is, spouse, child, adopted child, step-child, sibling and parent); the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the individual and his immediate family together (directly or indirectly) have an interest of 30% or more.

In relation to a substantial shareholder or controlling shareholder (being a company), an "associate" is defined to be any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"associated company"

A listed company's "associated company" is defined as a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.

"chief executive officer"

A "chief executive officer" is defined in the Listing Manual to mean the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed issuer.

"controlling shareholder"

A "controlling shareholder" of a listed company is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company, or a person who in fact exercises control over the listed company.

"interested person" means:

(a) a director, chief executive officer or controlling shareholder of the Company; or

(b) an associate of any such director, chief executive officer or controlling shareholder.

OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

3. Materiality Thresholds, Disclosure Requirements and Shareholders' Approval

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("NTA")) are reached or exceeded.

Immediate Announcement

An immediate announcement is required when the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited NTA. When the aggregate value of all the transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited NTA, the issuer must make an announcement of the latest transaction and all future transactions entered into with the same interested person during that financial year.

Shareholders' Approval

Shareholders' approval is required when the interested person transaction is of a value equal to or more than:

(a) 5% of the listed group's latest audited NTA; or

(b) 5% of the listed group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below S$100,000.

4. General Mandate

Part VIII of Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPTs entered into during the financial year ended 30 June 2008 pursuant to the IPT Mandate obtained under Chapter 9 of the Listing Manual is as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Amsteel Mills Sdn Bhd	–	S$10,737,000
Antara Steel Mills Sdn Bhd	–	S$18,503,000
Kinabalu Motor Assembly Sdn Bhd	–	S$201.000
Megasteel Sdn Bhd	–	S$20,914,000

Corporate Directory

BOARD OF DIRECTORS
Othman Wok, Chairman
Cheng Yong Kwang, Executive Director
Loh Kgai Mun, Executive Director
Sam Chong Keen
Ying Yoke Kwai
Cheng Theng How
Wong See Meng

AUDIT COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

NOMINATING COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Sam Chong Keen

REMUNERATION COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

EXECUTIVES' SHARE OPTION SCHEME COMMITTEE
Othman Wok
Ying Yoke Kwai

COMPANY SECRETARIES
Tan Yen Hui, ACIS
Silvester Bernard Grant, ACIS

REGISTERED OFFICE
10 Arumugam Road
#10-00 Lion Building A
Singapore 409957
Tel: (65) 6745 9677
Fax: (65) 6747 9493
Website: www.lionapac.com

REGISTRARS
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel: (65) 6323 6200
Fax: (65) 6323 6990

AUDITORS
PricewaterhouseCoopers
8 Cross Street #17-00
PWC Building
Singapore 048424
Tel: (65) 6236 3388
Fax: (65) 6236 3300

Partner-in-charge of the audit:
Yee Chen Fah
(Appointed from the financial year ended 30 June 2008)

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Malayan Banking Berhad
2 Battery Road
16th Floor, Maybank Tower
Singapore 049907

LAWYERS
WongPartnership LLP
One George Street
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Singapore 049145
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The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2008 and the balance sheet of the Company at 30 June 2008.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Othman Wok	(Chairman)
Cheng Yong Kwang	(Executive Director)
Loh Kgai Mun	(Executive Director, appointed on 8 August 2008)
Ying Yoke Kwai	
Cheng Theng How	
Sam Chong Keen	
Wong See Meng	(Appointed on 8 August 2008)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" on pages 32 to 33 of this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

(b) According to the register of directors' shareholdings, a director holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the LAP Share Option Scheme as set out below and under "Share options" on pages 32 to 33 of this report.

	Number of unissued ordinary shares under option	
	At 30.6.2008	At 1.7.2007
Mr Cheng Yong Kwang		
2005 Options	**112,500**	112,500
2007 Options	**112,500**	–

(c) The directors' interests in the ordinary shares and options of the Company as at 21 July 2008 were the same as those as at 30 June 2008.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that Mr Cheng Yong Kwang has an employment relationship with the Company, and has received remuneration in that capacity.

SHARE OPTIONS

(a) LAP Share Option Scheme

The LAP Share Option Scheme (the "Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 20 September 2000. Particulars of the Scheme were set out in the Circular to shareholders dated 28 August 2000.

On 26 May 2005, options on 176,250 unissued shares with an exercise price of $0.16 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2005 Options"). The 2005 Options are exercisable from 27 May 2006 and will expire on 26 May 2010.

On 29 November 2007, options on 525,000 unissued shares with an exercise price of $0.24 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2007 Options"). The 2007 Options are exercisable from 30 November 2008 and will expire on 29 November 2012.

During the financial year, no shares of the Company were allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option outstanding at the end of the financial year is as follows:

	Number of unissued ordinary shares under option	Exercise price	Expiry date
2005 Options	142,500	$0.16	26 May 2010
2007 Options	525,000	$0.24	29 November 2012
	667,500		

(c) Other information required by the Singapore Exchange Securities Trading Limited ("SGX-ST")

Pursuant to Rule 852 of the Listing Manual of the SGX-ST, in addition to the information disclosed elsewhere in this report, the directors report that during the financial year:

(i) the Committee administering the Scheme comprises directors Othman Wok and Ying Yoke Kwai.

(ii) no options were granted to controlling shareholders, their employees or associates, and no employee under the Scheme has received 5% or more of the total options available under the Scheme.

(iii) participants of the Scheme who are directors of the Company are as follows:

	Number of unissued ordinary shares under option			
Name of Director	Options granted during financial year ended 30.6.2008	Granted since commencement of Scheme to 30.6.2008	Lapsed since commencement of Scheme to 30.6.2008	Outstanding as at 30.6.2008
Cheng Yong Kwang	112,500	315,000	90,000	225,000

SHARE OPTIONS (CONT'D)

(d) Except for the above, no options were granted by the Company or any subsidiary during the financial year and there were no other unissued shares under option at the end of the financial year.

(e) No options have been granted at a discount under the Scheme.

(f) **Warrants outstanding**

All warrants outstanding at the end of the preceding financial year have expired on 28 November 2007. There are no outstanding warrants at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Othman Wok (Chairman)
Mr Ying Yoke Kwai
Mr Cheng Theng How

All the members of the Audit Committee were non-executive directors. Except for Mr Cheng Theng How, all members were independent directors.

The Audit Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

(i) the scope and the results of internal audit procedures with the internal auditor;

(ii) the audit plan of the Company's independent auditor and its report on the weaknesses of internal accounting controls arising from the statutory audit;

(iii) the assistance given by the Company's management to the independent auditor; and

(iv) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2008 before their submission to the Board of Directors, as well as the independent auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers, has expressed its willingness to accept re-appointment.

On behalf of the directors

CHENG YONG KWANG
Director

LOH KGAI MUN
Director

24 September 2008

Statement By Directors
For the financial year ended 30 June 2008

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 36 to 89 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2008 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

CHENG YONG KWANG
Director

LOH KGAI MUN
Director

24 September 2008

Independent Auditor's Report

To The Members Of Lion Asiapac Limited

We have audited the accompanying financial statements of Lion Asiapac Limited (the "Company") and its subsidiaries (the "Group") set out on pages 36 to 89, which comprise the balance sheets of the Company and of the Group as at 30 June 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2008, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers
Public Accountants and Certified Public Accountants

Singapore
24 September 2008

Consolidated Income Statement
For the financial year ended 30 June 2008

	Notes	The Group 2008 $'000	The Group 2007 $'000
Revenue	4	**105,732**	93,563
Other gains - net	5	**1,330**	19,931
Expenses			
- Purchases of inventories		**(91,258)**	(79,538)
- Employee benefits	6	**(4,430)**	(4,582)
- Depreciation of property, plant and equipment		**(1,635)**	(550)
- Finance	7	**(41)**	(68)
- Other	8	**(4,510)**	(5,358)
Changes in inventories		**528**	1,399
Total expenses		**(101,346)**	(88,697)
Profit before income tax		**5,716**	24,797
Income tax expense	9	**(967)**	(2,552)
Total profit		**4,749**	22,245
Attributable to:			
Equity holders of the Company		**4,523**	21,715
Minority interests		**226**	530
		4,749	22,245
Earnings per share attributable to the equity holders of the Company			
(expressed in cents per share)			
- Basic	10	**1.12**	5.36
- Diluted	10	**1.12**	5.35

The accompanying notes form an integral part of these financial statements.

Balance Sheets

For the financial year ended 30 June 2008

		The Group		The Company	
	Notes	2008 $'000	2007 $'000	2008 $'000	2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**51,464**	62,964	**14,658**	33,111
Trade and other receivables	12	**31,037**	19,837	**71,523**	36,582
Inventories	13	**9,861**	9,333	**–**	–
Other current assets	14	**344**	481	**40**	36
		92,706	92,615	**86,221**	69,729
Assets held for sale	15	**21,641**	6,805	**–**	–
		114,347	99,420	**86,221**	69,729
Non-current assets					
Other receivables	16	**–**	–	**–**	6,287
Financial assets, available-for-sale	17	**64,861**	149,980	**–**	–
Investments in subsidiaries	18	**–**	–	**46,273**	46,351
Property, plant and equipment	19	**16,926**	18,722	**13**	67
Deferred income tax assets	23	**51**	–	**–**	–
		81,838	168,702	**46,286**	52,705
Total assets		**196,185**	268,122	**132,507**	122,434
LIABILITIES					
Current liabilities					
Trade and other payables	20	**22,641**	24,322	**30,441**	41,344
Borrowings	21	**1,492**	722	**–**	–
Current income tax liabilities	9	**3,050**	3,234	**363**	417
		27,183	28,278	**30,804**	41,761
Non-current liabilities					
Borrowings	21	**86**	128	**–**	–
Deferred income tax liabilities	23	**4,617**	10,762	**172**	–
		4,703	10,890	**172**	–
Total liabilities		**31,886**	39,168	**30,976**	41,761
NET ASSETS		**164,299**	228,954	**101,531**	80,673
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	**47,487**	47,487	**47,487**	47,487
Other reserves	25	**47,508**	112,852	**13,543**	13,543
Retained earnings	26	**64,592**	64,124	**40,501**	19,643
		159,587	224,463	**101,531**	80,673
Minority interests		**4,712**	4,491	**–**	–
TOTAL EQUITY		**164,299**	228,954	**101,531**	80,673

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For the financial year ended 30 June 2008

	Notes	Attributable to equity holders of the Company Share capital $'000	Other reserves $'000	Retained earnings $'000	Minority interest $'000	Total equity $'000
2008						
Beginning of financial year		47,487	112,852	64,124	4,491	228,954
Net fair value loss on financial assets, available-for-sale	25(b)(ii)	–	(64,197)	–	–	(64,197)
Arising from translation of financial statements of foreign subsidiaries	25(b)(iii)	–	(1,147)	–	(5)	(1,152)
Net loss recognised directly in equity		–	(65,344)	–	(5)	(65,349)
Net profit		–	–	4,523	226	4,749
Total recognised (losses)/gains for the financial year		**–**	**(65,344)**	**4,523**	**221**	**(60,600)**
Dividends	27	–	–	(4,055)	–	(4,055)
End of financial year		**47,487**	**47,508**	**64,592**	**4,712**	**164,299**
2007						
Beginning of financial year		47,487	38,318	46,417	4,556	136,778
Net fair value gains on financial assets, available-for-sale	25(b)(ii)	–	69,038	–	–	69,038
Arising from translation of financial statements of foreign subsidiaries	25(b)(iii)	–	973	–	(5)	968
Net gains recognised directly in equity		–	70,011	–	(5)	70,006
Release to income statement upon disposal of associated companies	25(b)(iii)	–	515	–	–	515
Net profit		–	–	21,715	530	22,245
Total recognised gains for the financial year		**–**	**70,526**	**21,715**	**525**	**92,766**
Transfer from general and enterprise development reserves to retained earnings on disposal of associated companies	25(b)(iv), (v)	–	(2,266)	2,266	–	–
Transfer from consolidation reserve to retained earnings on disposal of associated companies	25(b)(vii)	–	4,162	(4,162)	–	–
Arising from bonus shares issued by a subsidiary	25(b)(viii)	–	2,112	(2,112)	–	–
Dividends		–	–	–	(590)	(590)
End of financial year		**47,487**	**112,852**	**64,124**	**4,491**	**228,954**

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 June 2008

	Note	The Group 2008 $'000	2007 $'000
Cash flows from operating activities			
Total profit		**4,749**	22,245
Adjustments for:			
- Income tax expense		**967**	2,552
- Depreciation of property, plant and equipment		**1,635**	550
- Finance expense		**41**	68
- Interest income		**(918)**	(1,776)
- Loss on disposal of property, plant and equipment		**31**	–
- Gain on disposal of financial assets, at fair value through profit or loss		**–**	(21)
- Gain on disposal of assets held for sale		**–**	(30)
- Gain on disposal of associated companies		**–**	(10,662)
Operating cash flow before working capital changes		**6,505**	12,926
Change in operating assets and liabilities			
- Trade and other receivables		**(14,755)**	567
- Inventories		**(528)**	(2,800)
- Other current assets		**136**	(367)
- Trade and other payables		**(2,769)**	119
- Currency translation adjustment		**463**	955
Cash (used in)/generated from operations		**(10,948)**	11,400
Income tax paid		**(352)**	(3,031)
Net cash (used in)/provided by operating activities		**(11,300)**	8,369
Cash flows from investing activities			
Dividends received		**1,994**	2,393
Purchases of property, plant and equipment		**(993)**	(17,214)
Proceeds from disposal of property, plant and equipment		**52**	–
Proceeds from sale of financial assets, at fair value through profit or loss		**–**	470
Purchase of financial assets, available-for-sale		**(882)**	–
Interest received		**918**	1,776
Proceeds from disposal of assets held for sale		**–**	1,150
Proceeds from disposal of investments in associated companies		**–**	13,752
Deposits received for disposal of investments in associated companies		**3,092**	4,792
Net cash provided by investing activities		**4,181**	7,119
Cash flows from financing activities			
Dividends paid to equity holders of the Company		**(4,055)**	–
Dividends paid to minority interests		**(590)**	–
Repayment of lease liabilites		**(34)**	–
Repayment of bank loans		**(460)**	(15,141)
Proceeds from bank loans		**1,289**	–
Interest paid		**(41)**	(68)
Net cash used in financing activities		**(3,891)**	(15,209)
Net (decrease)/increase in cash and cash equivalents		**(11,010)**	279
Cash and cash equivalents at beginning of financial year		**62,796**	62,275
Effects of currency translation on cash and cash equivalents		**(462)**	242
Cash and cash equivalents at end of financial year	11	**51,324**	62,796

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Lion Asiapac Limited (the "Company") is incorporated and domiciled in Singapore and is a public company listed on the Singapore Exchange. The address of its registered office is 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding as well as the design-in and distribution of semiconductors and related components, limestone processing and scrap metal trading. The automotive component trading business was inactive during the current financial year ended 30 June 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2007

On 1 July 2007, the Group adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from 1 January 2007. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

2.2 Revenue recognition

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition (cont'd)

(a) Sale of goods – electronic components, quicklime and scrap metal

Revenue from these sales is recognised when a Group entity has delivered the products to locations specified by its customers, the customers have accepted the products in accordance with the sales contract and the collectibility of the related receivables is reasonably assured.

(b) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.3 Group accounting

(a) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest. Please refer to the paragraph "Intangible assets - Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting polices of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (cont'd)

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the carrying value of identifiable net assets of the subsidiary.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of any accumulated impairment losses) identified on acquisition. Please refer to the paragraph "Intangible assets – Goodwill" for the Group's accounting policy on goodwill.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (cont'd)

(a) Measurement (cont'd)

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Construction-in-progress is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings and infrastructure	20 years
Plant and machinery	1 - 15 years
Office equipment and vehicles	2.5 - 10 years
Furniture and fittings	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets

Goodwill on acquisitions

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable net assets and contingent liabilities of the acquired subsidiaries, joint ventures and associated companies at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 July 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in the income statement on disposal.

2.6 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method.

2.7 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

2.8 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries and associated companies

Property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of non-financial assets (cont'd)

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (cont'd)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in the income statement.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividend, are recognised in the income statement when the changes arise.

Interest and dividend income on financial assets, available-for-sale are recognised separately in the income statement. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the income statement and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (cont'd)

(e) Impairment (cont'd)

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement on debt securities. The impairment losses recognised in the income statement on equity securities are not reversed through the income statement.

2.10 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.12 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost, using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

When the Group is the lessee:

The Group leases certain property, plant and equipment from third parties and related parties.

(a) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) Lessee - Operating leases

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when incurred.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using the pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital, when new ordinary shares are issued.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Currency translation (cont'd)

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 July 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 July 2005, the exchange rates at the dates of acquisition are used.

2.20 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.22 Share capital

Ordinary shares are classified as equity.

2.23 Dividends

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised in the income statement. Any subsequent increase in fair value less costs to sell up (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the income statement.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(b) Impairment of investment in subsidiaries

The Group follows the guidance of FRS 36 Impairment of Assets for determining the indication of impairment of investments in subsidiaries and the recoverable amount of the investments. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the market, economic or legal environment in which the subsidiaries operate, and the range of economic conditions that will exist over the remaining duration of the investments which have an impact on the future cash flow projections.

4. REVENUE

	The Group	
	2008	2007
	$'000	$'000
Sale of goods	**104,449**	87,014
Dividend income	**1,283**	6,549
	105,732	93,563

5. OTHER GAINS - NET

	The Group	
	2008	2007
	$'000	$'000
Gain on disposal of associated companies	**–**	10,662
Reversal of allowance for impairment of receivables (non-trade)	**–**	7,070
Currency exchange loss - net	**(525)**	(910)
Interest income		
- bank deposits	**918**	1,776
- receivables from related parties	**360**	396
Management fee income	**138**	74
Gain on disposal of financial assets, at fair value through profit or loss	**–**	21
Loss on disposal of property, plant and equipment	**(31)**	–
Gain on disposal of assets held for sale	**–**	30
Sundry income	**470**	812
	1,330	19,931

6. EMPLOYEE COMPENSATION

	The Group	
	2008	2007
	$'000	$'000
Wages and salaries	**4,145**	4,252
Employer's contribution to defined contribution plans including Central Provident Fund	**284**	305
Other benefits	**1**	25
	4,430	4,582

7. FINANCE EXPENSE

	The Group	
	2008	2007
	$'000	$'000
Interest expense		
- Bank borrowings	**32**	–
- Finance lease liabilities	**9**	5
- Trust receipts	**–**	55
- Letter of credit charges	**–**	8
	41	68

8. OTHER EXPENSES

	The Group	
	2008	2007
	$'000	$'000
Included in other expenses are the following:		
Auditors' remuneration		
- auditors of the Company	**225**	186
- other auditors	**31**	14
Rental on operating leases	**382**	310
Inventory written off	**–**	106
Bad trade debts written off	**–**	1,514

9. INCOME TAXES

(a) Income tax expense

	The Group	
	2008	2007
	$'000	$'000
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**240**	276
- Foreign	**–**	2,441
Deferred income tax (Note 23)	**620**	50
	860	2,767
Under/(over) provision in prior financial years		
- Current income tax	**(71)**	(215)
- Deferred income tax	**178**	–
	967	2,552

9. INCOME TAXES (CONT'D)

(a) Income tax expense (cont'd)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	The Group	
	2008	2007
	$'000	$'000
Profit before tax	**5,716**	24,797
Tax calculated at a tax rate of 18% (2007: 18%)	**1,029**	4,464
Effects of:		
- Singapore statutory stepped income exemption	**(55)**	(94)
- different tax rates in other countries	**184**	1,255
- income not subject to tax	**(389)**	(3,435)
- expenses not deductible for tax purposes	**426**	573
- utilisation of previously unrecognised tax losses	**(274)**	(49)
- other	**(61)**	53
	860	2,767

(b) Movements in current income tax liabilities

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**3,234**	3,763	**417**	483
Income tax paid	**(353)**	(3,031)	**(124)**	(140)
Tax expense on profit for the current financial year	**240**	2,717	**70**	74
Over provision in preceding financial year	**(71)**	(215)	**–**	–
End of financial year	**3,050**	3,234	**363**	417

10. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2008	2007
Net profit attributable to equity holders of the Company ($'000)	**4,523**	21,715
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**405,488**	405,488
Basic earnings per share (cents per share)	**1.12**	5.36

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares are ordinary shares which arise from the assumed exercise of share options.

For the share options, the weighted average number of shares in issue has been adjusted as if all share options that are dilutive were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2008	2007
Net profit attributable to equity holders of the Company ($'000)	**4,523**	21,715
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**405,488**	405,488
Adjustment for share options	**142**	158
	405,630	405,646
Diluted earnings per share (cents per share)	**1.12**	5.35

All warrants outstanding as at 30 June 2007 have expired during the current financial year. For the financial year ended 30 June 2007, all outstanding warrants are anti-dilutive and have been ignored in calculating diluted earnings per share.

11. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**3,450**	13,439	**388**	284
Short-term bank deposits	**48,014**	49,525	**14,270**	32,827
	51,464	62,964	**14,658**	33,111

Short-term bank deposits at the balance sheet date had an average maturity of 7 days to 3 months (2007: 7 days to 6 months) from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2008	2007	**2008**	2007
	%	%	**%**	%
Singapore Dollar	**0.57**	2.18	**0.57**	2.18
United States Dollar	**1.72**	5.04	**1.72**	4.96
Chinese Renminbi	**2.75**	1.99	–	–
Euro	–	3.18	–	3.18

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	The Group	
	2008	2007
	$'000	$'000
Cash and bank balances (as above)	**51,464**	62,964
Less: Bank overdraft (Note 21)	**(140)**	(168)
Cash and cash equivalents per consolidated cash flow statement	**51,324**	62,796

12. TRADE AND OTHER RECEIVABLES - CURRENT

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Related parties	**18,442**	3,796	**–**	–
- Non-related parties	**10,636**	10,078	**–**	–
	29,078	13,874	**–**	–
Less: Allowance for impairment - non-related parties	**(44)**	(8)	**–**	–
Trade receivables - net	**29,034**	13,866	**–**	–
Non-trade receivables				
- Subsidiaries	**–**	–	**38,929**	36,749
- Associated companies	**–**	1,110	**–**	–
- Related parties	**40**	118	**34**	27
- Non-related parties	**1,963**	3,213	**–**	40
- Receivable from a shareholder of an associated company	**–**	1,530	**–**	–
	2,003	5,971	**38,963**	36,816
Less: Allowance for impairment - subsidiaries	**–**	–	**–**	(234)
	2,003	5,971	**38,963**	36,582
Loans to subsidiaries	**–**	–	**42,297**	–
Less: Allowance for impairment	**–**	–	**(9,737)**	–
	–	–	**32,560**	–
	31,037	19,837	**71,523**	36,582

The loans to subsidiaries and non-trade receivables from non-related parties, subsidiaries, associated companies, related parties and shareholder of an associated company are unsecured, interest free and repayable upon demand, with the exception of a loan to a subsidiary that bears interest at 8.25% per annum.

13. INVENTORIES

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Raw materials and consumables	**3,337**	1,396	**–**	–
Finished goods	**6,524**	7,937	**–**	–
	9,861	9,333	**–**	–

Write-down of inventory amounting to $156,000 (2007: $57,000) has been included in "purchases of inventories" in the income statement.

During the financial year, the Group reversed $110,000 (2007: $30,500) being part of inventory write-down made in previous financial years, as the inventories were sold above the carrying amounts in financial year ended 2008. The reversal has been included in "purchases of inventories" in the income statement.

14. OTHER CURRENT ASSETS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Tax recoverable	**18**	19	**14**	14
Deposits	**73**	100	**25**	21
Prepayments	**100**	133	**1**	1
Others	**153**	229	**–**	–
	344	481	**40**	36

15. ASSETS HELD FOR SALE

	The Group	
	2008	2007
	$'000	$'000
Beginning of financial year	**6,805**	31,628
Reclassified from financial assets, available-for-sale (Note 17)	**14,836**	–
Disposals	**–**	(24,823)
End of financial year	**21,641**	6,805

At the balance sheet date, assets held for sale included unquoted equity interests in the following:

	The Group	
	2008	2007
	$'000	$'000
Zhejiang Victor Motorcycle Co., Ltd [Note (a) below]	**6,805**	6,805
Hefei Jianghuai Automotive Co., Ltd [Note (b) below]	**14,836**	–
	21,641	6,805

(a) In the financial year ended 30 June 2005, the Group entered into a conditional sale and purchase agreement with a third party to dispose of its 25% equity interest in Zhejiang Victor Motorcycle Co., Ltd ("Victor") for a cash consideration of approximately $8,833,000 (RMB 43.73 million).

As at 30 June 2008, the disposal of Victor has not been completed as it is pending the approval of the relevant local authorities.

(b) During the financial year, the Group entered into a conditional sale and purchase agreement with a third party to dispose of its 25% equity interest in Hefei Jianghuai Automotive Co., Ltd ("HFJH") for a cash consideration of approximately $14,910,000 (RMB 73.81 million). The investment in HFJH has been reclassified from "financial assets, available-for-sale" to "assets held for sale" accordingly.

The disposal of HFJH was completed subsequent to the end of the financial year (Note 33).

16. OTHER RECEIVABLES - NON-CURRENT

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Receivable from subsidiaries				
- Loans	**–**	–	**–**	17,864
Less: Allowance for impairment of receivables	**–**	–	**–**	(11,577)
	–	–	**–**	6,287
- Advance	**–**	–	**39,735**	39,735
Less: Allowance for impairment of receivables	**–**	–	**(39,735)**	(39,735)
	–	–	**–**	–
	–	–	**–**	6,287

The loans and advances to subsidiaries are unsecured, interest free and repayments are not expected within the next 12 months.

At the balance sheet date, the carrying amounts of these non-current receivables approximated their fair values.

17. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	The Group	
	2008	2007
	$'000	$'000
Beginning of financial year	**149,980**	73,971
Additions	**882**	–
Reclassified to assets held for sale (Note 15)	**(14,836)**	–
Fair value (losses)/gains recognised in equity	**(71,165)**	76,009
End of financial year	**64,861**	149,980

Financial assets, available-for-sale were measured in accordance with the accounting policy as set out in Note 2.9.

At the balance sheet date, financial assets, available-for-sale included equity interests in the following:

	The Group	
	2008	2007
	$'000	$'000
Hefei Jianghuai Automotive Co., Ltd [Note 15(b)]	**–**	14,836
Visioneering Inc. [Note (a) below]	**–**	22
Anhui Jianghuai Automobile Co., Ltd [Note (b) below]	**63,979**	135,122
ATP Manufacturing Pte Ltd [Note (c) below]	**25**	–
Winfort Global Ltd [Note (d) below]	**857**	–
	64,861	149,980

17. FINANCIAL ASSETS, AVAILABLE-FOR-SALE (CONT'D)

(a) The unquoted investment of $Nil (2007: $22,000) is made up of 26,000 ordinary shares at US$0.50 each in Visioneering Inc., a company incorporated in the United States of America. The Group holds an equity interest of less than 1% in Visioneering Inc. as at 30 June 2008. There has been no change in the Group's interest between 1 July 2007 and 30 June 2008.

(b) The quoted investment of $63,979,000 (2007: $135,122,000) represents a 6.16% (2007: 6.16%) equity interest held by the Group in Anhui Jianghuai Automobile Co., Ltd as at 30 June 2008.

(c) The unquoted investment of $25,000 is made up of 25,000 ordinary shares in ATP Manufacturing Pte Ltd, a company incorporated in Singapore. The Group holds an equity interest of 19.2% in ATP Manufacturing Pte Ltd as at 30 June 2008.

(d) The unquoted investment of $857,000 is made up of 1,770,792 ordinary shares in Winfort Global Ltd, a company incorporated in Singapore. The Group holds an equity interest of 2.6% in Winfort Global Ltd as at 30 June 2008.

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2008	2007
	$'000	$'000
Equity investments at cost	**52,427**	52,505
Less: Allowance for impairment losses	**(6,154)**	(6,154)
	46,273	46,351

Details of subsidiaries are provided as follows:

Name of company	Principal activities	Country of business/ incorporation	Equity holding 2008 %	Equity holding 2007 %
Held directly by the Company:				
Bright Steel Pte Ltd [1]	Investment holding	Singapore	**100**	100
Ternair Jaya Sdn. Bhd. [3]	Investment holding	Malaysia	**100**	100
Arbon Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Aarau Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Grenchen Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Kloten Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
LAP Trading & Marketing Pte. Ltd. (previously known as LAP Automotive Trading Pte. Ltd.) [1] [4]	Trading of scrap metal and automotive components	Singapore	**100**	100

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2008	2007
			%	%
Advent Electronics Pte Ltd [1]	Design-in and distribution of semiconductors and related components	Singapore	**53**	53
Angkasa Transport Equipment Sdn. Bhd. [3]	Investment holding	Malaysia	**100**	100
Clarington Investment Pte. Ltd. [1]	Investment holding	Singapore	**100**	100
Halton Investment Pte. Ltd. [1]	Investment holding	Singapore	**100**	100
LAP Investment Pte. Ltd. [1]	Investment holding	Singapore	**100**	100
Lion Asiapac Management Consultancy (Shanghai) Co., Ltd [2]	Management consultancy	The People's Republic of China	**100**	100
Held by subsidiaries:				
Lion Containers Sdn. Bhd. [3]	Manufacture and sale of dry cargo containers (Ceased operations during the financial year ended 30 June 2000)	Malaysia	**100**	100
Advent Electronics (M) Sdn. Bhd. [2]	Design-in and distribution of semiconductors and related components	Malaysia	**100**	100
Advent Infotech Private Limited [2]	Trading and distribution of semiconductors and related components	India	**80**	80
Compact Energy Sdn. Bhd. [3]	Limestone processing	Malaysia	**100**	100

(1) Audited by PricewaterhouseCoopers, Singapore.

(2) Audited by other firms. These companies are not significant subsidiaries as defined under Rule 718 of the SGX-ST Listing Manual.

(3) Audited by Ernst & Young, Malaysia.

(4) The company changed its name to LAP Trading & Marketing Pte. Ltd. and commenced scrap metal trading business at the beginning of the current financial year.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructure $'000	Plant and machinery $'000	Office equipment and vehicles $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
The Group						
2008						
Cost						
Beginning of financial year	389	18,200	1,296	304	–	20,189
Currency translation differences	(24)	(1,109)	(17)	(6)	–	(1,156)
Additions	39	240	101	141	472	993
Disposals	–	(17)	(121)	(70)	–	(208)
End of financial year	404	17,314	1,259	369	472	19,818
Accumulated depreciation						
Beginning of financial year	5	352	883	227	–	1,467
Currency translation differences	(1)	(74)	(7)	(3)	–	(85)
Depreciation charge	21	1,400	174	40	–	1,635
Disposals	–	(1)	(56)	(68)	–	(125)
End of financial year	25	1,677	994	196	–	2,892
Net book value						
End of financial year	**379**	**15,637**	**265**	**173**	**472**	**16,926**
2007						
Cost						
Beginning of financial year	–	–	1,107	237	1,444	2,788
Currency translation differences	–	–	3	2	37	42
Additions	186	677	94	45	16,375	17,377
Transfer (from)/to	203	17,523	106	24	(17,856)	–
Disposals	–	–	(14)	(4)	–	(18)
End of financial year	389	18,200	1,296	304	–	20,189
Accumulated depreciation						
Beginning of financial year	–	–	718	215	–	933
Currency translation differences	–	–	1	1	–	2
Depreciation charge	5	352	178	15	–	550
Disposals	–	–	(14)	(4)	–	(18)
End of financial year	5	352	883	227	–	1,467
Net book value						
End of financial year	**384**	**17,848**	**413**	**77**	**–**	**18,722**

The carrying amount of buildings held under finance lease at 30 June 2008 amounted to $161,000 (2007: $180,000).

19. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Company			
2008			
Cost			
Beginning of financial year	430	106	536
Additions	5	2	7
End of financial year	435	108	543
Accumulated depreciation			
Beginning of financial year	363	106	469
Depreciation charge	60	1	61
End of financial year	423	107	530
Net book value			
End of financial year	**12**	**1**	**13**
2007			
Cost			
Beginning of financial year	424	106	530
Additions	6	–	6
End of financial year	430	106	536
Accumulated depreciation			
Beginning of financial year	286	106	392
Depreciation charge	77	–	77
End of financial year	363	106	469
Net book value			
End of financial year	**67**	**–**	**67**

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade payables	**10,200**	8,967	**–**	–
Non-trade payables to:				
- Subsidiaries	**–**	–	**30,107**	41,006
- Related parties	**393**	1,029	**–**	–
- Non-related parties	**971**	1,809	**37**	96
	1,364	2,838	**30,144**	41,102
Dividend payable to minority shareholders	**–**	590	**–**	–
Accrual for operating expenses	**342**	1,863	**297**	242
Accrued inventory purchases	**–**	2,421	**–**	–
Deposits received for assets held for sale (Note 15)	**10,735**	7,643	**–**	–
	22,641	24,322	**30,441**	41,344

The non-trade balances payable to subsidiaries, related and non-related parties are unsecured, interest-free and repayable upon demand.

21. BORROWINGS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current				
Bank overdraft (unsecured)	**140**	168	–	–
Bank loans (unsecured)	**1,318**	518	–	–
Finance lease liabilities (Note 22)	**34**	36	**–**	–
	1,492	722	**–**	–
Non current				
Finance lease liabilities (Note 22)	**86**	128	**–**	–
Total borrowings	**1,578**	850	**–**	–

(a) Security granted

Finance lease liabilities of the Group are secured by the rights to the leased assets, which will revert to the lessor in the event of default by the Group.

(b) Fair values of non-current borrowings

The fair values of non-current borrowings were determined from a discounted cash flow analysis, using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date. The carrying amounts of borrowings approximated their fair values.

22. FINANCE LEASE LIABILITIES

The Group leases certain property, plant and equipment from related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	The Group	
	2008	2007
	$'000	$'000
Minimum lease payments due:		
- Not later than one year	**43**	46
- Between two and five years	**108**	161
	151	207
Less: Future finance charges	**(31)**	(43)
Present value of finance lease liabilities	**120**	164

The present value of finance lease liabilities is analysed as follows:

	The Group	
	2008	2007
	$'000	$'000
Not later than one year (Note 21)	**34**	36
Between one and five years (Note 21)	**86**	128
	120	164

23. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
- to be recovered after one year	**51**	–	**–**	–
Deferred income tax liabilities				
- to be settled after one year	**4,617**	10,762	**172**	–

23. DEFERRED INCOME TAXES (CONT'D)

Movements in the deferred income tax account is as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**10,762**	3,741	**–**	–
Currency translation difference	**(26)**	–	**–**	–
Tax charge/(credit) to:				
- Income statement	**798**	50	**172**	–
- Equity	**(6,968)**	6,971	**–**	–
End of financial year	**4,566**	10,762	**172**	–

Deferred income tax taken to equity [Note 25(b)(ii)] during the financial year is analysed as follows:

	The Group	
	2008	2007
	$'000	$'000
Fair value reserve	**(6,968)**	6,971

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $18,973,000 (2007: $21,388,000) and capital allowances of $10,105,000 (2007: $10,761,000) at the balance sheet date that can be carried forward and used to offset future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective country of incorporation. The tax losses have no expiry date except for an amount of $463,000 (2007: $969,000) which will expire between 31 December 2009 and 31 December 2011.

23. DEFERRED INCOME TAXES (CONT'D)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

The Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Fair value gain $'000	Foreign income not remitted $'000	Total $'000
2008				
Beginning of financial year	18	10,744	–	10,762
Currency translation difference	(38)	–	–	(38)
Charged/(credited) to:				
- Income statement	982	–	172	1,154
- Equity	–	(6,968)	–	(6,968)
End of financial year	962	3,776	172	4,910
2007				
Beginning of financial year	–	3,773	–	3,773
Charged to:				
- Income statement	18	–	–	18
- Equity	–	6,971	–	6,971
End of financial year	18	10,744	–	10,762

Deferred income tax assets

	Unrealised foreign exchange losses $'000	Tax losses $'000	Total $'000
2008			
Beginning of financial year	–	–	–
Currency translation difference	12	–	12
Credited to income statement	(305)	(51)	(356)
End of financial year	(293)	(51)	(344)
2007			
Beginning of financial year	–	(32)	(32)
Charged to income statement	–	32	32
End of financial year	–	–	–

23. DEFERRED INCOME TAXES (CONT'D)

The Company
Deferred income tax liabilities

	Foreign income not remitted $'000	Total $'000
2008		
Beginning of financial year	–	–
Charged to:		
- Income statement	172	172
End of financial year	172	172
2007		
Beginning and end of financial year	–	–

24. SHARE CAPITAL

	No. of shares '000	Amount $'000
The Group and Company		
2008		
Beginning and end of financial year	405,488	47,487
2007		
Beginning and end of financial year	405,488	47,487

All issued shares are fully paid.

(a) Share options

The LAP Share Option Scheme (the "Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 20 September 2000.

On 29 November 2007, options on 525,000 unissued shares with an exercise price of $0.24 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2007 Options"). The 2007 Options are exercisable from 30 November 2008 and will expire on 29 November 2012.

The exercise price of the granted options is equal to the average of the last dealt prices of the Company's ordinary shares on the Singapore Exchange for the three market days prior to the date of grant of options ("Market Price") or a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price and that the offer is approved by the Company's shareholders.

24. SHARE CAPITAL (CONT'D)

(a) Share options (cont'd)

The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of ordinary shares under option						
	Beginning of financial year	Granted during financial year	Lapsed during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise period
The Company							
2008							
2005 Options	157,500	–	(15,000)	–	142,500	$0.16	27.5.2006 - 26.5.2010
2007 Options	–	525,000	–	–	525,000	$0.24	30.11.2008 - 29.11.2012
	157,500	525,000	(15,000)	–	667,500		
2007							
2005 Options	176,250	–	(18,750)	–	157,500	$0.16	27.5.2006 - 26.5.2010

(b) Warrants

	No. of warrants	
	2008	2007
	'000	'000
Beginning of financial year	**157,877**	157,877
Expired during financial year	**(157,877)**	–
End of financial year	**–**	157,877

The warrants issued entitle the holder to subscribe for one new ordinary share at the exercise price of $0.25 each. All the warrants expired during the current financial year.

25. OTHER RESERVES

(a) Composition:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Capital redemption reserve	**105**	105	**–**	–
Fair value reserve	**13,764**	77,961	**–**	–
Currency translation reserve	**(2,948)**	(1,801)	**–**	–
Enterprise development reserve	**1,906**	1,906	**–**	–
General reserve	**11,443**	11,443	**–**	–
Capital reduction reserve	**13,543**	13,543	**13,543**	13,543
Consolidation reserve	**7,583**	7,583	**–**	–
Capital reserve	**2,112**	2,112	**–**	–
	47,508	112,852	**13,543**	13,543

(b) Movements:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
(i) Capital redemption reserve				
[Note (a) below]				
Beginning and end of financial year	**105**	105	**–**	–
(ii) Fair value reserve				
Beginning of financial year	**77,961**	8,923	**–**	–
Fair value (losses)/gains on financial assets, available-for-sale (Note 17)	**(71,165)**	76,009	**–**	–
Deferred tax on fair value (losses)/gains (Note 23)	**6,968**	(6,971)	**–**	–
	(64,197)	69,038	**–**	–
End of financial year	**13,764**	77,961	**–**	–
(iii) Currency translation reserve				
Beginning of financial year	**(1,801)**	(3,289)	**–**	–
Arising from translation of financial statements of foreign subsidiaries	**(1,147)**	973	**–**	–
Release to income statement upon disposal of associated companies	**–**	515	**–**	–
	(1,147)	1,488	**–**	–
End of financial year	**(2,948)**	(1,801)	**–**	–

25. OTHER RESERVES (CONT'D)

(b) Movements: (cont'd)

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
(iv) Enterprise development reserve				
[Note (b) below]				
Beginning of financial year	**1,906**	2,712	**–**	–
Transfer to retained earnings upon disposal of associated companies	**–**	(806)	**–**	–
End of financial year	**1,906**	1,906	**–**	–
(v) General reserve				
[Note (b) below]				
Beginning of financial year	**11,443**	12,903	**–**	–
Transfer to retained earnings upon disposal of associated companies	**–**	(1,460)	**–**	–
End of financial year	**11,443**	11,443	**–**	–
(vi) Capital reduction reserve				
[Note (c) below]				
Beginning and end of financial year	**13,543**	13,543	**13,543**	13,543
(vii) Consolidation reserve				
[Note (d) below]				
Beginning of financial year	**7,583**	3,421	**–**	–
Transfer to retained earnings upon disposal of associated companies	**–**	4,162	**–**	–
End of financial year	**7,583**	7,583	**–**	–
(viii) Capital reserve				
[Note (e) below]				
Beginning of financial year	**2,112**	–	**–**	–
Arising from bonus shares issued by a subsidiary	**–**	2,112	**–**	–
End of financial year	**2,112**	2,112	**–**	–
Total	**47,508**	112,852	**13,543**	13,543

25. OTHER RESERVES (CONT'D)

(b) Movements: (cont'd)

Total transfers from/(to) retained earnings for the year:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Transfer from enterprise development reserve	–	(806)	–	–
Transfer from general reserve	–	(1,460)	–	–
Transfer to consolidation reserve	–	4,162	–	–
Transfer to capital reserve	–	2,112	–	–
	–	4,008	–	–

(a) The capital redemption reserve pertains to redemption of redeemable preference shares by a subsidiary and is not available for payment of dividends.

(b) The enterprise development reserve and the general reserve are maintained by the Group's associated companies in accordance with the accounting regulations in the People's Republic of China and are not available for the payment of cash dividends. The amounts shown represent the Group's share of the reserves.

(c) In the financial year ended 30 June 2004, the Company had a capital reduction to write off the accumulated losses of the Company as at 30 June 2003. The excess of such write off is taken directly to the capital reduction reserve.

(d) The consolidation reserve arose from acquisition of interests in subsidiaries and associated companies.

(e) The capital reserve arose from bonus share issue through retained earnings by a subsidiary.

26. RETAINED EARNINGS

Movement in retained earnings for the Company is as follows:

	The Company	
	2008	2007
	$'000	$'000
Beginning of financial year	**19,643**	3,529
Total profit	**24,913**	16,114
Dividends paid (Note 27)	**(4,055)**	–
End of financial year	**40,501**	19,643

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

27. DIVIDENDS

	The Group and Company	
	2008	2007
	$'000	$'000
Ordinary dividends paid		
Final exempt (one-tier) dividend paid in respect of the 2007 financial year of 1.0 cent per share	**4,055**	–

At the Annual General Meeting of the Company to be held on 24 October 2008, a final exempt (one-tier) ordinary dividend of 1.0 cent per share amounting to $4,054,877 will be declared, subject to approval by shareholders. The amount will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2009.

28. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group	
	2008	2007
	$'000	$'000
Property, plant and equipment:		
- Approved and contracted for	**4,121**	–
- Approved but not contracted for	**13,666**	113
	17,787	113

(b) Operating lease commitments

The Group leases land from a related party under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	The Group	
	2008	2007
	$'000	$'000
Not later than one year	**248**	251
Between two and five years	**148**	312
	396	563

28. COMMITMENTS (CONT'D)

(c) Guarantees issued

	The Company	
	2008	2007
	$'000	$'000
Unsecured guarantees given to banks and suppliers in respect of trade obligations of subsidiaries	**22,528**	21,525

The Company has also issued letters of financial support to certain subsidiaries so as to enable them to operate as going concerns for the foreseeable future and to meet their liabilities as and when they fall due within the next twelve months. The directors are of the view that no material liabilities will arise from the guarantees.

29. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from its operations and the use of financial instruments. The principal financial instruments of the Group comprise bankers' guarantees, short-term bank borrowings and overdrafts, finance leases, financial assets, available-for-sale and cash and cash equivalents. The Group has various other financial assets and liabilities such as receivables and payables, which arise directly from its operations. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors sets the objectives and underlying principles of financial risk management for the Group, and the management is responsible for the overall financial risk management.

(a) Market risk

(i) Currency risk

The Group operates internationally with dominant operations in Singapore, Malaysia and the People's Republic of China. To manage the currency risk arising from foreign operations, entities in the Group regularly transacts in their respective functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD") and Malaysian Ringgit ("MYR").

The Group is exposed to currency translation risk on the net assets of the Group's foreign operations in Malaysia and the People's Republic of China. The Group also has investments in financial assets, available-for-sale whose valuations are exposed to movement in foreign exchange rates. These translation differences and currency exposures are monitored on a regular basis.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	RMB $'000	MYR $'000	Other $'000	Total $'000
At 30 June 2008						
Financial assets						
Cash and cash equivalents, and financial assets, available-for-sale	16,110	756	98,068	1,355	36	116,325
Trade and other receivables	13,962	10,864	1,283	4,204	724	31,037
Other financial assets	87	–	–	4	–	91
	30,159	11,620	99,351	5,563	760	147,453
Financial liabilities						
Borrowings	340	1,112	–	120	6	1,578
Trade and other payables	1,228	6,947	10,734	3,120	612	22,641
	1,568	8,059	10,734	3,240	618	24,219
Net financial assets	28,591	3,561	88,617	2,323	142	123,234
Less: Net financial assets denominated in the respective entities' functional currencies	(28,591)	–	(23,353)	(2,322)	–	(54,266)
Intracompany (payables)/ receivables	(13,713)	(10,200)	13,570	7,016	–	(3,327)
Currency exposure	**(13,713)**	**(6,639)**	**78,834**	**7,017**	**142**	**65,641**
At 30 June 2007						
Financial assets						
Cash and cash equivalents, and financial assets, available-for-sale	32,169	5,031	175,411	215	118	212,944
Trade and other receivables	275	11,754	4,635	2,430	743	19,837
Other financial assets	113	–	–	6	–	119
	32,557	16,785	180,046	2,651	861	232,900
Financial liabilities						
Borrowings	168	518	–	164	–	850
Trade and other payables	1,821	10,377	7,643	3,247	1,234	24,322
	1,989	10,895	7,643	3,411	1,234	25,172
Net financial assets/ (liabilities)	30,568	5,890	172,403	(760)	(373)	207,728
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	(30,568)	–	(17,810)	760	(140)	(47,758)
Intracompany (payables)/ receivables	(11,141)	(11,490)	11,509	7,471	–	(3,651)
Currency exposure	**(11,141)**	**(5,600)**	**166,102**	**7,471**	**(513)**	**156,319**

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	RMB $'000	Other $'000	Total $'000
At 30 June 2008					
Financial assets					
Cash and cash equivalents	14,615	43	–	–	14,658
Trade and other receivables	53,472	–	18,051	–	71,523
	68,087	43	18,051	–	86,181
Financial liabilities					
Trade and other payables	30,441	–	–	–	30,441
Net financial assets	**37,646**	**43**	**18,051**	**–**	**55,740**
At 30 June 2007					
Financial assets					
Cash and cash equivalents	32,114	967	–	30	33,111
Other financial assets	14,107	10,743	11,732	–	36,582
	46,221	11,710	11,732	30	69,693
Financial liabilities					
Trade and other payables	41,344	–	–	–	41,344
Net financial assets	**4,877**	**11,710**	**11,732**	**30**	**28,349**

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

If the USD, RMB and MYR change against the SGD by 8.0% (2007: 8.0%), 0.5% (2007: 0.5%) and 1.0% (2007: 1.0%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2008		2007	
	Increase/(Decrease)			
	Profit after tax $'000	Equity $'000	Profit after tax $'000	Equity $'000
The Group				
USD against SGD				
- strengthened	(435)	–	(369)	2
- weakened	435	–	369	(2)
RMB against SGD				
- strengthened	61	301	66	705
- weakened	(61)	(301)	(66)	(705)
MYR against SGD				
- strengthened	(55)	–	(30)	–
- weakened	55	–	30	–
The Company				
USD against SGD				
- strengthened	3	–	768	–
- weakened	(3)	–	(768)	–
RMB against SGD				
- strengthened	74	–	48	–
- weakened	(74)	–	(48)	–

(ii) Price risk

The Group is exposed to equity securities price risk from its investment in a quoted investment designated as financial assets, available-for-sale. This investment is listed in the People's Republic of China. The Group is not exposed to commodity price risk. Changes in the share price of the quoted investment are monitored on a regular basis.

If the price for the equity security listed in the People's Republic of China changes by 20% (2007: 20%) with all other variables including tax rate being held constant, the effect on equity will be:

	Equity	
	2008 '000	2007 '000
The Group		
Listed in China		
- increased by	12,028	31,466
- decreased by	(12,028)	(31,466)

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(iii) Cash flow and interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest-bearing assets, comprising short term bank deposits, are denominated mainly in SGD and RMB. These assets are exposed to cash flow interest rate risk.

If the SGD and RMB interest rates increase/decrease by 1.0% (2007: 1.0%) with all other variables including tax rate being held constant, the increase/decrease in the profit after tax will be higher/lower by $394,000 (2007: $407,000) as a result of higher/lower interest income.

The Group's borrowings include short term bank loans and bank overdrafts at variable rates as well as fixed-rate finance lease liabilities.

The Group's borrowings at variable rates are denominated mainly in USD. If the USD interest rate increase/decrease by 1.5% (2007: 1.5%) with all other variables including tax rate being held constant, the decrease/increase in the profit after tax will not exceed by $17,000 (2007: $7,000).

The Group manages its interest rate exposure by maintaining a prudent mix of borrowings on terms that are favourable to the Group.

The weighted average effective interest rates of total borrowings at the balance sheet date are as follows:

		2008			2007	
	SGD	**USD**	**MYR**	SGD	USD	MYR
The Group						
Bank overdraft	**5.75%**	**–**	**–**	6.12%	–	–
Bank loans	**2.38%**	**4.22%**	**–**	–	5.86%	–
Finance lease	**–**	**–**	**8.25%**	–	–	8.25%

The exposure of current and non-current borrowings of the Group and Company to interest rate risks categorised by the earlier of contractual repricing or maturity dates is as follows:

	Less than 6 months $'000	**6 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
The Group				
At 30 June 2008				
Total borrowings	**1,475**	**17**	**86**	**1,578**
At 30 June 2007				
Total borrowings	704	18	128	850

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective entity's management and by the Group based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management. As at 30 June 2008, there are no significant concentration of credit risk, except that 75% (2007: 41%) of trade receivables relates to five major customers, of which four are related parties of the Group.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for the corporate guarantees disclosed in Note 28(c).

The Group's and Company's major classes of financial assets subject to credit risk are bank deposits and trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
By operating segments				
Electronic component distribution	**10,540**	10,070	**–**	–
Limestone processing	**4,185**	2,339	**–**	–
Automotive component trading	**704**	1,457	**–**	–
Scrap metal trading	**13,605**	–	**–**	–
	29,034	13,866	**–**	–

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with reputable banks. Trade receivables that are neither past due nor impaired substantially relate to companies with a good collection track record with the Group.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Past due 0 to 6 months	**5,203**	4,142	**–**	–
Past due over 6 months	**768**	1,164	**–**	–
	5,971	5,306	**–**	–

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Gross amount	**64**	8	**–**	–
Less: Allowance for impairment	**(44)**	(8)	**–**	–
	20	–	**–**	–
Beginning of financial year	**8**	–	**–**	–
Allowance made	**36**	8	**–**	–
End of financial year	**44**	8	**–**	–

The impaired trade receivables arise mainly from sales of goods to customers who are in financial difficulties.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
The Group			
At 30 June 2008			
Trade and other payables	22,641	–	–
Borrowings	1,527	43	65
	24,168	43	65
At 30 June 2007			
Trade and other payables	24,322	–	–
Borrowings	751	43	108
	25,073	43	108
The Company			
At 30 June 2008			
Trade and other payables	30,441	–	–
At 30 June 2007			
Trade and other payables	41,344	–	–

The Group and Company manage liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

29. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Capital risk (cont'd)

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Group regularly reviews the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments. In order to maintain or achieve the Group's planned capital structure, it may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies to maintain adequate cash flow for working capital and investment purposes.

	The Group	
	2008	2007
	$'000	$'000
Gross debt		
Bank borrowings	**1,318**	518
Finance lease liabilities	**120**	164
Bank overdrafts	**140**	168
	1,578	850
Equity		
Share capital	**47,487**	47,487
Other reserves	**47,508**	112,852
Retained earnings	**64,592**	64,124
	159,587	224,463
Gross debt equity ratio	**1.0%**	0.4%
Cash and cash equivalents	**51,464**	62,964
Gross debt	**(1,578)**	(850)
Net cash position	**49,886**	62,114

The Group and Company are not subject to externally imposed capital requirement for the financial years ended 30 June 2007 and 2008.

30. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

There is no entity which holds more than 50% equity shares or control in the Company. Thus the Company does not have any immediate or ultimate holding corporation as at 30 June 2008 and 30 June 2007.

31. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sale and purchases of goods and services

	The Group	
	2008	2007
	$'000	$'000
Sale of goods and services to related parties	**51,011**	4,658
Purchases from related parties	**1,168**	1,273
Interest income received/receivable from a related party	**294**	217
Management fees received from a related party	**138**	74
Rental income from a related party	**64**	58
Rental charges paid to a related party	**294**	232
Consultancy fees paid to a director	**32**	32
Salary recharges paid to related parties	**–**	257

Related parties refer to companies which are connected to the Company through certain common directors or through common shareholders.

Outstanding balances at 30 June 2008, arising from sale/purchase of goods and services, are set out in Notes 12 and 20 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2008	2007
	$'000	$'000
Salaries and other short term employee benefits	**1,054**	1,117
Post-employment benefits		
- contribution to Central Provident Fund	**12**	23
- other	**–**	79
	1,066	1,219

Included in the above is total compensation to directors of the Company amounting to $568,000 (2007: $478,000).

The banding of directors' remuneration is as follows:

	The Company	
	2008	2007
Number of directors in remuneration bands		
- $250,000 to below $500,000	**1**	1
- below $250,000	**4**	4
	5	5

32. SEGMENT INFORMATION

(a) Primary reporting format - business segments

	Investment holding/ others $'000	Electronic component distribution $'000	Limestone processing $'000	Automotive component trading $'000	Scrap metal trading $'000	Total $'000
The Group						
Financial year ended 30 June 2008						
Revenue	1,283	53,268	17,923	–	33,258	105,732
Segment result	1,182	818	2,650	(10)	759	5,399
Other gains - net						1,330
Unallocated costs						(972)
						5,757
Finance expense						(41)
Profit before tax						5,716
Income tax expense						(967)
Total profit						4,749
Segment assets	1,400	18,699	25,623	704	14,173	60,599
Assets held for sale	21,641	–	–	–	–	21,641
Financial assets, available-for-sale	63,979	882	–	–	–	64,861
Unallocated assets						49,084
Consolidated total assets						196,185
Segment liabilities	10,760	7,873	2,969	–	549	22,151
Borrowings						1,578
Current tax liabilities						3,050
Deferred tax liabilities						4,617
Unallocated liabilities						490
Consolidated total liabilities						31,886
Other segment items						
Capital expenditure						
- segment	–	172	814	–	–	986
- unallocated						7
						993
Depreciation						
- segment	–	69	1,449	–	–	1,518
- unallocated						117
						1,635

32. SEGMENT INFORMATION (CONT'D)

(a) Primary reporting format - business segments (cont'd)

	Investment holding/ others $'000	Electronic component distribution $'000	Limestone processing $'000	Automotive component trading $'000	Total $'000
The Group					
Financial year ended 30 June 2007					
Revenue	6,549	82,356	2,947	1,711	93,563
Segment result	6,454	817	(368)	20	6,923
Other gains - net					19,931
Unallocated costs					(1,989)
					24,865
Finance expense					(68)
Profit before tax					24,797
Income tax expense					(2,552)
Total profit					22,245
Segment assets	4,958	23,398	22,676	1,513	52,545
Assets held for sale	6,805	–	–	–	6,805
Financial assets, available-for-sale	149,958	22	–	–	149,980
Unallocated assets					58,792
Consolidated total assets					268,122
Segment liabilities	7,668	12,205	3,690	264	23,827
Borrowings					850
Current tax liabilities					3,234
Deferred tax liabilities					10,762
Unallocated liabilities					495
Consolidated total liabilities					39,168
Other segment items					
Capital expenditure					
- segment	–	90	17,282	–	17,372
- unallocated					5
					17,377
Depreciation					
- segment	–	50	367	–	417
- unallocated					133
					550
Reversal of impairment of receivables	7,070	–	–	–	7,070

32. SEGMENT INFORMATION (CONT'D)

(a) Primary reporting format – business segments (cont'd)

At 30 June 2008, the Group is organised into four main business segments:

- Investment holding/others – investment holding in financial assets, available-for-sale and assets held for sale (previously associated companies) that are involved in the manufacture of motorcycle components and the assembly and sale of motorcycles, and the manufacture and sale of light trucks, automobile, automotive chassis and gearbox components;
- Electronic component distribution – design-in and distribution of semiconductors and related components;
- Limestone processing; and
- Scrap metal trading.

There are no sales or other transactions between the business segments. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash and exclude deferred income tax assets and short-term bank deposits. Segment liabilities comprise payables, provisions and overdrafts and exclude income tax liabilities and borrowings. Capital expenditure comprise additions to property, plant and equipment.

(b) Secondary reporting format - geographical segments

The Group's four business segments operate in seven geographical areas:

China	- the main activities are the investment holding in financial assets, available-for-sale and assets held for sale (previously associated companies) that are involved in the manufacture of motorcycle components, and the assembly and sale of motorcycles, and the manufacture and sale of light trucks, automobile, automotive chassis and gearbox components;
Singapore	- the main activity is electronic component distribution;
United States	- the main activity is electronic component distribution;
India	- the main activity is electronic component distribution;
Malaysia	- the main activities are electronic component distribution, scrap metal trading and limestone processing. In the previous financial year, these activities were mainly electronic component distribution, automotive component trading and limestone processing.
Indonesia	- the main activity is electronic component distribution; and
Other countries	- the main activity is electronic component distribution.

32. SEGMENT INFORMATION (CONT'D)

(b) Secondary reporting format - geographical segments (cont'd)

For the financial year ended 30 June 2008, with the exception of the People's Republic of China, Singapore, Indonesia and Malaysia, no other individual country contributed more than 10% of consolidated revenue and assets. Sales are based on the country in which the customer is located. Total assets and capital expenditure are shown by geographical area in which the assets are located.

	Total consolidated sales		Total consolidated assets		Total consolidated capital expenditure	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
China	**2,318**	8,533	**119,710**	182,372	**–**	–
Singapore	**13,117**	13,001	**35,146**	60,043	**168**	75
United States	**8,230**	19,742	**–**	22	**–**	–
India	**9,321**	10,968	**1,363**	1,502	**11**	20
Malaysia	**57,447**	14,062	**39,966**	24,183	**814**	17,282
Indonesia	**10,365**	17,397	**–**	–	**–**	–
Other countries	**4,934**	9,860	**–**	–	**–**	–
	105,732	93,563	**196,185**	268,122	**993**	17,377

33. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group has completed the disposal of its entire 25% equity interest in Hefei Jianghuai Automotive Co., Ltd ("HFJH") for a consideration of approximately $14,910,000. HFJH is classified as an asset held for sale (Note 15) at the balance sheet date. A loss on disposal of HFJH of approximately $571,000 will be recognised in the Group's financial statements for the year ending 30 June 2009.

34. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and they are mandatory for the Group's accounting periods beginning on or after 1 July 2008 or later periods which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 July 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group does not expect the new operating segments to be significantly different from business segments currently disclosed.

(b) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 July 2009 and the revised standard is not expected to have any material impact to the Group.

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lion Asiapac Limited on 24 September 2008.

Shareholding Statistics

As at 15 September 2008

Issued and Fully Paid-up Capital	:	S$47,486,565.40
No. of Shares Issued	:	405,487,724
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote per share
No. of Treasury Shares Held	:	Nil

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	0	0.00	0	0.00
1,000 - 10,000	2,738	65.56	15,850,778	3.91
10,001 - 1,000,000	1,418	33.96	73,349,666	18.09
1,000,001 & Above	20	0.48	316,287,280	78.00
Total	4,176	100.00	405,487,724	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
UOB Kay Hian Pte Ltd	154,723,644	38.16
Omali Corporation Sdn Bhd	121,562,760	29.98
Andar Investment Pte Ltd	8,853,876	2.18
Ang Kong Meng	3,126,000	0.77
Phillip Securities Pte Ltd	3,045,000	0.75
CIMB-GK Securities Pte Ltd	2,800,000	0.69
OCBC Securities Private Ltd	2,549,000	0.63
DBS Vickers Securities (S) Pte Ltd	2,422,000	0.60
United Overseas Bank Nominees Pte Ltd	2,186,000	0.54
DBS Nominees Pte Ltd	1,995,000	0.49
Cheong Soh Chin Julie	1,600,000	0.39
Tan Boon Kay	1,600,000	0.39
Boey Yin Sum	1,565,000	0.39
Kim Eng Securities Pte Ltd	1,531,000	0.38
Way Company Pte Ltd	1,230,000	0.30
Boon Kia Hak Martin (Wen Jiahe Martin)	1,178,000	0.29
Mayban Nominees (S) Pte Ltd	1,135,000	0.28
Citibank Nominees S'pore Pte Ltd	1,089,000	0.27
Lim & Tan Securities Pte Ltd	1,076,000	0.27
Lau Eng Khoon	1,020,000	0.25
Total	316,287,280	78.00

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest No. of Shares	%	Deemed Interest * No. of Shares	%
Omali Corporation Sdn. Bhd. (1)	121,562,760	29.98	–	–
Bright Steel Sdn. Bhd. (2)	–	–	121,562,760	29.98
Total Triumph Investments Limited (2)	–	–	121,562,760	29.98
Lion Corporation Berhad (2)	–	–	121,562,760	29.98
Horizon Towers Sdn. Bhd. (3)	–	–	121,562,760	29.98
Lion Development (Penang) Sdn. Bhd. (3)	–	–	121,562,760	29.98
LDH (S) Pte. Ltd. (3)	–	–	121,562,760	29.98
Lion Diversified Holdings Berhad (3)	–	–	121,562,760	29.98
AMB Venture Sdn. Bhd. (4)	148,750,644	36.68	–	–
Silverstone Corporation Berhad (5)	–	–	148,750,644	36.68
Amsteel Corporation Berhad (6)	–	–	148,750,644	36.68

Notes:-

* Deemed interests pursuant to Section 7 of the Companies Act, Cap. 50.

(1) Omali Corporation Sdn. Bhd. ("Omali") is the beneficial and registered owner of 121,562,760 shares.

(2) Bright Steel Sdn. Bhd., Total Triumph Investments Limited and Lion Corporation Berhad ("LCB") are deemed to be interested in the 121,562,760 shares held by Omali.

(3) Horizon Towers Sdn. Bhd., Lion Development (Penang) Sdn. Bhd., LDH (S) Pte. Ltd. and Lion Diversified Holdings Berhad are deemed to be interested in the 121,562,760 shares held by Omali by virtue of their interests in LCB.

(4) AMB Venture Sdn. Bhd. ("AMB") is the beneficial owner of 148,750,644 shares registered under UOB Kay Hian Pte Ltd.

(5) Silverstone Corporation Berhad ("SCB") is deemed to be interested in the 148,750,644 shares held by AMB.

(6) Amsteel Corporation Berhad is deemed to be interested in the 148,750,644 shares held by AMB by virtue of its interest in SCB.

SHAREHOLDING IN THE HANDS OF PUBLIC

The percentage of shareholding in the hands of public was approximately 31.16% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

Notice Of 38th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 38th Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room at 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Friday, 24 October 2008 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Report of the Directors and Auditors of the Company for the year ended 30 June 2008.

2. To declare a first and final dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the year ended 30 June 2008.

3. To re-elect Mr Cheng Theng How, a Director retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   (Note: Mr Cheng Theng How, if re-elected, will remain as a member of the Audit Committee and Remuneration Committee and will be considered a non-independent Director.)

4. (a) To re-elect Mr Loh Kgai Mun, a Director retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   (b) To re-elect Mr Wong See Meng, a Director retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

5. To consider and, if thought fit, to pass the following resolutions under Section 153(6) of the Companies Act, Cap. 50:-

   (a) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Othman Wok be and is hereby re-elected as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

   (Note: Mr Othman Wok, if re-elected, will remain as Chairman of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered an independent Director.)

   (b) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Ying Yoke Kwai be and is hereby re-elected as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

   (Note: Mr Ying Yoke Kwai, if re-elected, will remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered an independent Director.)

6. To approve the payment of S$119,000/- as Directors' fees for the year ended 30 June 2008.

7. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

8. **General Mandate to Directors to Issue Shares and Convertible Securities**

   To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:-

   "That pursuant to Section 161 of the Companies Act, Chapter 50 and Article 8(B) of the Company's Articles of Association, authority be and is hereby given to the Directors of the Company to:-

(a) (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

Provided That:

(1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued shares excluding treasury shares in the capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below);

(2) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time that this Ordinary Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the time being in force (unless such compliance is waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless previously revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution to issue shares shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held (whichever is the earlier)."

9. **Authority for the Directors to Offer and Grant Options and Issue Shares pursuant to the LAP Share Option Scheme 2000**

To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:-

"That the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the provisions of the LAP Share Option Scheme 2000 approved by the Company on 20 September 2000 (the "Scheme 2000") and pursuant to Section 161 of the Companies Act, Chapter 50 to allot and issue from time to time such number of shares in the capital of the Company (the "Shares") as may be required to be issued pursuant to the exercise of the Options under the Scheme 2000 (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) provided always that the aggregate number of Shares to be issued pursuant to the Scheme 2000 shall not exceed 10% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time."

10. **Renewal of the General Mandate for Interested Person Transactions**

To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:-

"That for the purpose of Chapter 9 of the Listing Manual of the SGX-ST:-

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions as described in pages 20 and 21 of this Annual Report, with any party who is of the class or classes of Interested Persons described in page 20 of this Annual Report, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the review procedures for Interested Person Transactions as described in pages 21 to 25 of this Annual Report (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution."

11. To transact such other ordinary business as can be transacted at an Annual General Meeting of the Company.

By Order of the Board

Tan Yen Hui
Company Secretary

Singapore, 6 October 2008

Statement pursuant to Article 54(A) of the Articles of Association of the Company:-

The effect of the resolutions under the heading "Special Business" in the Notice of Annual General Meeting is as follows:-

(a) The Ordinary Resolution proposed in item 8 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to and not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares in the capital of the Company of which the issue of shares and convertible securities other than on a pro-rata basis shall not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company, for such purposes as they consider would be in the interest of the Company. The total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this resolution is passed, after adjusting for new shares arising from the conversion or exercise of convertible securities, or from exercising share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

(b) The Ordinary Resolution proposed in item 9 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme 2000 and to allot and issue shares in the capital of the Company pursuant to the exercise of the options under the Scheme 2000.

(c) The Ordinary Resolution proposed in item 10 above, if passed, will renew the IPT Mandate and allow the Company, its subsidiaries and associated companies or any of them to enter into certain interested person transactions as described in pages 20 and 21 of this Annual Report, and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

Notes:-

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 10 Arumugam Road #10-00 Lion Building A Singapore 409957 not less than 48 hours before the time appointed for holding the meeting.

NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 31 October 2008, for the purpose of determining shareholders' entitlements to the proposed first and final dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ended 30 June 2008.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road Singapore 089758 up to 5.00 p.m. on 30 October 2008 will be registered before entitlements to the proposed dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 30 October 2008 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the 38th Annual General Meeting to be held on 24 October 2008, will be paid on 17 November 2008.

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PROXY FORM

LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)
(Incorporated in the Republic of Singapore)

IMPORTANT: FOR CPF INVESTORS ONLY

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominees and is sent solely for YOUR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____ (Name)

of ____ (Address)

being a member(s) of LION ASIAPAC LIMITED (the "Company"), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote on my/our behalf and, if necessary, to demand a poll, at the 38th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Friday, 24 October 2008 at 11:00 am and at any adjournment thereof in the following manner.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific direction, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

No.	Resolutions	For	Against
	Ordinary Business		
1.	Adoption of Directors' Report, Accounts and Auditors' Report for the year ended 30 June 2008		
2.	Declaration of a first and final dividend of 1.0 cent per share (tax-exempt one-tier)		
3.	Re-election of Mr Cheng Theng How as Director pursuant to Article 91 of the Company's Articles of Association		
4(a)	Re-election of Mr Loh Kgai Mun as Director pursuant to Article 97 of the Company's Articles of Association		
4(b)	Re-election of Mr Wong See Meng as Director pursuant to Article 97 of the Company's Articles of Association		
5(a)	Re-election of Mr Othman Wok as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
5(b)	Re-election of Mr Ying Yoke Kwai as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
6.	Approval of payment of Directors' fees		
7.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors		
	Special Business		
8.	General Mandate to Directors to issue shares and convertible securities		
9.	Authority for the Directors to offer and grant options and issue shares pursuant to the Scheme 2000		
10.	Renewal of the General Mandate for Interested Person Transactions		

Dated this ______________ day of October, 2008.

Total No. of Shares in:	No. of Shares
1) CDP Register	
2) Register of Members	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read notes overleaf.

NOTES:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to the entire number of shares registered in your name in the Depository Register and the Register of Members.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and such proxy or proxies need not be a member of the Company.

3. Where a member of the Company appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or an officer duly authorised.

6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50.

GENERAL:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

DESIGNED BY... PINKOCCHIO

LION ASIAPAC LIMITED
(Co. Reg. No. 196800586R)

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